



EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

No. 30,779

Weekend February 25/February 26 1989

D 8523 A

OVERSEAS MOVING
BY MICHAEL GERSON
01-4461300

WORLD NEWS

Mid-air blast
rips open
US jumbo jet

At least eight people were feared dead after a mid-air explosion tore open the fuselage of a United Airlines Boeing 747 on its way from Honolulu to New Zealand.

It was thought those killed were sucked out through the 16ft by 40ft hole.

The pilot managed to bring the aircraft back to Honolulu. The Chicago-based airline said it had no information about the cause of the explosion. Page 2

Bush fights for Tower
President George Bush pledged to fight on to ensure John Tower becomes US Defence Secretary, although the Armed Services Committee yesterday rejected the nomination. Page 22

British bomb arrests
Police looking for the Bristol University bombers arrested eight people and detained them under the Prevention of Terrorism Act.

Hijacker sentenced
A Swiss federal court sentenced Lebanese Shireen hijacker Hussein Mohammed Ali Harizi to life imprisonment for hijacking an Air France airliner and killing a French passenger in 1987.

Palestinians jailed
An Israeli court sentenced three Palestinians to 30 years' jail each for planning to hijack a bus and capture its passengers.

West Bank curfew
Israel imposed a curfew on the West Bank town of Nablus, where an Israeli soldier was seriously injured when he was hit by a block of cement during a clash with stone-throwing Palestinians.

Pit closure accepted
About 400 miners at Barony Colliery voted to accept the closure of their pit, the last deep working in west Scotland.

Exxon boycott still on
The university lecturers' boycott on Exxon seems likely to intensify after the employers and the lecturers' union failed to resolve their pay dispute. Page 5

Appeal to hunger striker
Buckingham Palace appealed to Burns veteran Andrew Burgess to end his hunger strike in protest against the Duke of Edinburgh's funeral. Emperor Hirohito's funeral sombre farewell for Hirohito. Page 22

Snooker betting probe
Police have been asked by snooker's governing body to investigate alleged betting irregularities over a match last month between Terry Griffiths and Silvino Francisco.

Ulster arms search
Two men were arrested in Northern Ireland after police found loyalist arms during searches of houses in County Down.

Mandela man in court
A third member of Winnie Mandela's bodyguard appeared in a Johannesburg court charged with the murder of 14-year-old Stompie Moeketsi. Page 2

Sweden to ban batteries
Sweden is to ban almost all alkaline batteries from next year to prevent mercury and cadmium pollution. From July, such batteries will be marketed to show they are dangerous to the environment.

Hong Kong drugs move
Hong Kong is to introduce laws to counter money laundering and allow the proceeds of drug dealing to be confiscated. Page 8

De Rothschild estate
Dorothy de Rothschild, who died in December aged 93, left an estate valued at £24.1m gross. Page 5

MARKETS

STERLING
New York: £1.754
London: £1.753 (1.76)
DM1.185 (3.2075)
FF10.89 (10.9425)
SF2.2725 (2.273)
Y221.25 (2.222)
£ index 98.5 (96.7)

GOLD
New York: Comex Apr
\$392.8
London: \$383.2 (391.5)
N SEA OIL (Argus)
Brent 15-day Mar
\$14.30 (16.65)

US LUNCHEON
RATES
Fed Funds 9.125
3-mo Treasury Bill
Yield: 8.971%
Long Bond: 9.54%
Yield: 9.187%

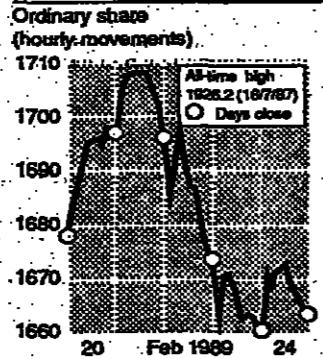
BUSINESS SUMMARY
Pressure on
water prices
stepped up

The Government yesterday sought to step up the pressure on Britain's privately-owned water companies to scale back proposed price increases ranging from 30 to 70 per cent by threatening to refer any such moves to the Monopolies and Mergers Commission.

Mr Colin Moynihan, junior Environment Minister, said in a Commons written reply that the Government was still in discussion with the water companies to persuade them to make revisions. He added, however, that "further action, including the option of a reference to the Monopolies and Mergers Commission, will be considered in the light of the outcome of these discussions."

FT ORDINARY ended 3.8 down on the week at 3,633.4 and the tone in the market was sub-

FT Index
Ordinary share
(share movements)



duced at the end, with traders cautious about next week's prospects. Lex, Page 22

FEI Babcock, electrical and engineering group, announced yesterday that it is in talks which could lead to a cash offer for a major part of the group. Page 22; Lex, Page 22

SPAIN'S Banco Central and Banco Español de Crédito have agreed to call off their efforts to merge and form the country's biggest bank, with assets of more than \$30bn (28.5bn). Spanish television news reported last night. Weekend FT, Page 1

ALLIANCE & LEICESTER, fifth largest UK building society with assets of £21.4bn, has emerged as a potential purchaser of Girobank, the Post Office banking subsidiary. Page 22

EMIART, US industrial and consumer products group best known for its Bostik adhesives, has received a \$2.15bn takeover offer from an investment partnership that includes Mr Gordon Getty, chief heir to the Getty oil fortune. Page 10

FIRST TECHNOLOGY, fighting to take over Riva, the Sussex-based designer of engines and transmissions, raised its offer to £22.7m and attached a cash alternative. Page 8

PIERRE Béregovoy, French Finance Minister, and Karl Otto Pöhl, president of West Germany's Bundesbank, clashed this week in Paris over French fears of rising German interest rates. Page 3

RHÔNE-POULENC, French state-owned chemicals group, plans to acquire the bulk aspirin and paracetamol manufacturing plants of Monsanto, the US group. Page 10

LLOYDS BANK announced pre-tax profits of \$252m - a major turnaround from the previous year's \$268m loss caused by Third World debt problems. Page 8; Lex, Page 22

SAAB-SCANIA, Swedish automotive and aerospace group, suffered an 11 per cent drop in pre-tax profits last year, from Skr3.6bn (31.3bn) to Skr3.2bn. Page 10

ABBEY LIFE, UK financial services group, reported a 30 per cent increase in pre-tax profits in 1988 to £303.2m. Page 8

GATEWAY, UK supermarket chain, is to ban the sale of aerosols containing chlorofluorocarbons (CFC) propellants from July. Page 5

CONTENTS
US airline deregulation: 6
Big birds back in American skies
Man in the Mirror: 6
Vaclav Havel: 6

Editorial Comment: 6
Tories stay safe; Moslems in Britain
The John Tower affair: 7
President pushed on the defensive
The UK by-elections: 7
Politics become interesting again

For FT Cityline Directory, FT-SE 100 Index and MF Analyst phone 0898 123456; Stock Market Report, 0898 123001; UK Company News, 0898 123002; sterling rates, 0898 123004. Calls charged at 30p per minute, peak & standard and 25p per minute, cheap rate.

Austria Sch22; Bahrain D10.00; Bermuda \$1.00; Belgium BF40; Canada C\$1.02; Cyprus C\$0.92; Denmark Dkr10.00; Egypt E£2.25; Finland Fim7.20; France FF10.00; Germany DM1.185; Greece Dr10.00; Hong Kong HK\$10.00; Italy L10.00; Japan Yen100; Luxembourg L10.00; Malaysia Ringgit 1.00; Mexico Pesos 200; Morocco Dir10.00; Netherlands FLR10.00; Norway Nkr10.00; Portugal Esc10.00; Saudi Arabia Rsd14.00; Singapore S\$1.00; Spain Pes140; Sri Lanka Rupee 50; Sweden Skr10.00; Switzerland Frf2.30; Taiwan NT\$60; Thailand Baht80; Turkey Lira100; UAE Dir10.00; USA \$1.00.

Tory slump at by-election shows rise in discontent

By Philip Stephens, Political Editor

THE Government narrowly avoided a spectacular defeat as a last-minute surge in support for Dr David Owen's Social Democrats clashed the Conservative majority in the Richmond, Yorks, by-election by 17,000 votes.

Mr William Hague was elected with a majority of 2,834 against the 19,576 secured by Sir Leon Brittan in 1987, as the split between the SDP and the Social Liberal Democrats neutralised a collapse in the Conservative vote.

The result, which showed that the two centre parties fought the seat jointly, would have secured the biggest by-election victory for nearly 30 years, appeared to reflect an upsurge of discontent over a range of government policies.

It brought a call from Mr Paddy Ashdown, the SDP leader, for Dr Owen to reopen talks with the SDP on a possible merger of the two parties.

In spite of its much stronger national base the SDP was forced into a poor third position by Mr Mike Potter, the SDP candidate, in what was seen at Westminster as a serious personal blow for Mr Ashdown.

The SDP leader said it was now time for the two parties to put aside their "personal vanities" to grasp a major opportunity.

He also renewed his call for a renewed "constitutional" of opposition parties including Labour to provide

RICHMOND RESULT	
William Hague (Con)	19,549
Michael Potter (SDP)	16,009
Barbara Pearce (SLD)	11,589
Frank Robson (Lab)	2,521
Robert Upshall (Green)	1,473
Lord David Sutcliffe (Ind)	167
Anthony Milne (Ind)	113
Linda St Claire (Ind)	106
Nicholas Watling (Ind)	70
CONSERVATIVE MAJORITY	2,834

1987 General Election: L. Brittan (Con) 34,905; D. Owen (SDP) 19,576; Majority 15,329.

Source: The Times

Majority 17,000.

OVERSEAS NEWS

Eight feared dead after explosion aboard airliner over Pacific

AN explosion ripped open the fuselage of a United Airlines jumbo jet bound from Hawaii for New Zealand yesterday, killing it is thought eight people. Reuter reports from Honolulu.

US government sources said up to eight people were reported missing and presumed dead, possibly sucked from the airliner through a hole of 40ft high in its right side.

The airliner returned safely to the Honolulu airport.

United Airlines in Chicago said there were deaths and injuries but did not know how many.

It had no information on the cause of the explosion.

An employee at Honolulu airport said the crew of the jumbo jet reported a possible bomb explosion aboard the aircraft.

A woman passenger who survived the incident told a radio reporter: "People were sucked out or they were gone. I heard no explosion, only the sound of something coming away, just the air that would come in when you create a vacuum, the wind that would come through."

"There were three or four rows of people who were just blown out of the plane," he told a radio reporter.

It was just like the plane came apart."

Mr Sandy Pierce, a radio reporter, said the United Airlines plane had received a bomb threat in flight. "They turned around to return to Honolulu and before they got there had an explosion did occur."

Another surviving passenger, Mr Gary Garber of Los Angeles, said he was sitting in the business-class section of Flight 811 when the explosion occurred.

"He said Flight 811 usually originates in San Francisco and stops in Los Angeles before flying to Honolulu. Airline agents in the US said this was the route taken on the latest flight and that from Auckland, New Zealand, it would have headed to Sydney, Australia.

United Airlines said there were 336 passengers aboard the plane and about 20 crew, whom they praised for doing a "superb job" in bringing the jumbo back safely to Honolulu.

FBI agents in Honolulu were interviewing passengers at the airport, and FBI laboratory personnel and bomb technicians were on standby in Washington, monitoring the situation.

The pilot of the Boeing 747 had reported to the Honolulu control tower that there was

an emergency aboard, an employee of the Hawaii State Department of Transportation said.

"He said there was a possible bomb explosion and that the number three engine was shut down."

Two months ago a Pan Am airliner was blown out of the sky over Lockerbie, Scotland, killing 270 people. The Boeing 747 was torn apart on December 21 by a bomb that investigators said was made of plastic explosives and concealed in a radio-cassette player.

In addition to the 259 passengers and crew on board the

plane, 11 people were killed on the ground in Lockerbie.

There were various claims of responsibility for the bombing over Lockerbie, including one from a militant Islamic group that said it was avenging the downing of an Iranian airliner by a US warship in the Gulf last July in which 290 people were killed.

Last year an Aloha Airlines Boeing 737 was crippled in flight over the Hawaiian island of Maui when a hole blew open in the fuselage. One crew member was killed but the airliner, carrying 90 people, landed safely.

Nicaragua may allow visit by Contras

By Tim Coone in Tegucigalpa

A DELEGATION of Contra rebel leaders may soon travel to Nicaragua to meet leaders of the internal opposition and discuss the peace proposals made at the recent Central American summit.

According to negotiators who have helped draft the proposals, the US-backed Contras remain sceptical over the pardon and electoral reform proposals made by Nicaraguan President Daniel Ortega in the past week, and apparently wish to talk with political opposition leaders in Nicaragua.

The negotiators say it is highly probable that, as a confidence-building measure, the Nicaraguan Government will allow a Contra delegation to visit, giving them freedom of movement in Nicaragua and letting them hold informal talks with the opposition.

The Contras were taken aback when the five Central American presidents agreed at the summit to demobilise the estimated 10,000-strong Contra army based in Honduras, although it is emphasised that the demobilisation would be voluntary.

The Honduran army will receive the discarded US-supplied arms, and will dismantle the Contra camps once they have been evacuated.

Changes in coffee quotas proposed

Costa Rica and Peru made proposals yesterday for adjusting coffee producing nations' export quotas, in efforts to reach a new international agreement to defend prices. Reuter reports from London.

"They presented their ideas on the last day of a round of talks at the International Coffee Organisation (ICO) on renewing the present six-year accord which expires in September.

Mr Luis Escalante, Costa Rica's Foreign Trade Minister, said his country wanted a fairer distribution of coffee export quotas among producers. Quota shares have hardly changed since the first coffee agreement in the 1960s.

Consumers and some producers in the 74-nation ICO think the quota allocation needs revising but delegates said Brazil, the biggest producer, did not seem keen on Costa Rica's suggestion.

Amato resignation report denied

An official denial yesterday that Mr Giuliano Amato, the Italian Treasury Minister, was thinking of resigning is unlikely to kill speculation that he may be ready to depart because of opposition to public spending cuts, reports John Wiles in Rome.

A front page story in yesterday's *Corriere della Sera* newspaper reported that Mr Amato, a Socialist, thought the prospect of pushing spending cuts through the cabinet might be greater if his office was held by a member of the Prime Minister's party, the Christian Democrats.

French foreign trade deficit down

France's foreign trade deficit fell to FF12.8bn (US\$25.5m) last month after seasonal adjustments, improving from the average of FF13.7bn a month recorded towards the end of 1988, George Graham reports from Paris.

The growth last month in imports to FF13.7bn was outstripped by the increase in exports to FF14.3bn.

The French surplus in agricultural and food products trade expanded by FF1.6bn to FF4.5bn in January, and the deficit in energy trade narrowed by FF1.5bn to FF5.6bn. The industrial goods deficit, however, deteriorated by FF4.0bn to FF5.8bn, with continued substantial imports of capital equipment.

France's trade deficit with its European Community partners fell to FF13.1bn in January, from FF13.7bn in December, but the deficit with West Germany, its main trading partner, worsened to FF10.6bn from FF14.7bn in December.

FINANCIAL TIMES
Published by the Financial Times Group Ltd. Frankfurt Branch, represented by Hugo Frankfurter/Main, and as member of the Board of Directors, F. Barlow, R. F. McLean, G.T.S. Damer, M.C. Gordon, D.P. Palmer, London. Printed: Frankfurter Sonder-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Sir Geoffrey Owen, Financial Times, EC4B 4BY. © The Financial Times Ltd, 1989.

FINANCIAL TIMES, 1989, published daily except Sundays and Bank Holidays. US subscription rates \$365.00 per annum. Second-class postage paid at New York, NY 100-22. Addressee address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Financial Times (Scandinavia) Ltd, Ostergrinde 44, DK-100 Copenhagen-K, Denmark. Telephone (01) 33 44 41; Fax (01) 33 33 33.

Ten die in Indian riots over Rushdie novel

By Our Foreign Staff

INDIAN police yesterday shot dead at least 10 Moslems demonstrating in Bombay against the novel *The Satanic Verses* by Mr Salman Rushdie, the Indian-born British writer. A total of 17 people have been killed in riots over the book in India and Pakistan in the last two weeks.

The police said they fired on a violent, 10,000-strong crowd attempting to march to the British Deputy High Commission after Friday prayers.

Earlier the police had arrested about 500 people and banned the march in an attempt to avert trouble, but the protesters stoned cars and set buses alight. Dozens of people were injured.

Tension between Moslems and Western countries over Mr Rushdie's novel, which is said by its critics to blasphemous against Islam and the Prophet Mohammed, was sharply

increased last week when Ayatollah Ruhollah Khomeini of Iran ordered Moslems to kill Mr Rushdie.

The dispute has been marked by mutual incomprehension. Many Moslems find it inexplicable that the West can condone publication of such a work, while many non-Moslems have defended the principle of free speech and have been outraged by Iran's death threats.

European Community countries have withdrawn their ambassadors and heads of mission from Tehran in protest. But the Soviet Union and Japan have taken a much conciliatory approach to the Iranian authorities, and are both keen to expand trade links.

Mr Andrej Shevardnadze,

the Soviet Foreign Minister, is to visit Tehran today as part of a Middle East tour and is expected to meet Ayatollah

Mr Domik Jastrzebski, the Minister for Foreign Economic Relations, said: "We were told that if we had free trade unions, a free market and political pluralism, we could have a normal credit relationship. On our side, all this has been done - tell your governments."

The government has moved a considerable distance in the round-table talks - agreeing in principle to the legalisation of Solidarity in return for the union's acquiescence to an electoral system which would at least in the next elections, guarantee the government coalition a majority, but would build in a elected opposition; and to a more market-oriented economy, already being cre-

ated. Large disagreements, however, remain between the two sides in the third week of the talks.

Mr Andrej Wroblewski, the Finance Minister, said Poland was adopting tax reforms aimed at achieving uniform personal and corporation taxes and at shifting the tax burden towards value-added tax.

He said that over the next two to three years, the government would:

• Introduce hard currency auctions, in which, in the first instance, 25 per cent of hard currency reserves would be auctioned freely. This would, he said, create "a more realistic exchange rate". At present, the zloty trades on the black

market at seven times the official rate.

• Seek greater access to world financial markets. The burden of servicing Poland's \$36bn of foreign debt (227bn of which is guaranteed by governments) is now under urgent review. In particular, Mr Wroblewski said he would put new proposals to the West German government on the so-called "jumbo credit" of DM 1bn advanced in the 1970s to the Giscard government and never repaid. Settlement of this, said Mr Wroblewski, was seen by world markets as critical for the advancing of further government-backed credit.

• Achieve internal convertibility of the zloty.

Armed, trained and financed by Israel, SLA forces killed three Palestinian guerrillas of the radical Democratic Front for the Liberation of Palestine on Thursday night.

The Israeli Foreign Ministry yesterday said the attempted infiltration showed that the Palestine Liberation Organisation - of which the DFLP forms a part - had not abandoned terrorism. After the last attempted cross-border attack this month, Israel made a determined attempt to persuade Washington to abandon its dialogue with the PLO.

The real pay-off," said the

Hilton, "resides in the fact that 1,000 of Hilton's best customers will be at the ringside. We have sold \$1m of tickets to other hotels. Fifty per cent of the ringside audience will be avid gamblers. The bottom line is that the Las Vegas Hilton made \$46m profit last year.

Once the haunt of mobsters, Las Vegas is now such a finely-calibrated money machine that it is bulging at the seams.

Last year it drew 17.5m visitors, against 16.2m the year before. Gaming revenue in Clark County, which includes Las Vegas, grew by 9.6 per cent to a little over \$3bn (£1.7bn). Las Vegas has 61,394 hotels and motel rooms with 11,494 more under construction, and 30,000 at the planning stage.

The real pay-off," said the

Hilton, "resides in the fact that 1,000 of Hilton's best customers will be at the ringside. We have sold \$1m of tickets to other hotels. Fifty per cent of the ringside audience will be avid gamblers. The bottom line is that the Las Vegas Hilton made \$46m profit last year.

Once the haunt of mobsters,

Las Vegas is now such a finely-

calibrated money machine

that it is bulging at the seams.

Last year it drew 17.5m visitors,

against 16.2m the year before.

Gaming revenue in Clark County, which includes

Las Vegas, grew by 9.6 per

cent to a little over \$3bn (£1.7bn). Las Vegas has 61,394

hotels and motel rooms with

11,494 more under construction,

and 30,000 at the planning

stage.

Once the haunt of mobsters,

Las Vegas is now such a finely-

calibrated money machine

that it is bulging at the seams.

Last year it drew 17.5m visitors,

against 16.2m the year before.

Gaming revenue in Clark County, which includes

Las Vegas, grew by 9.6 per

cent to a little over \$3bn (£1.7bn). Las Vegas has 61,394

hotels and motel rooms with

11,494 more under construction,

and 30,000 at the planning

stage.

Once the haunt of mobsters,

Las Vegas is now such a finely-

calibrated money machine

that it is bulging at the seams.

Last year it drew 17.5m visitors,

against 16.2m the year before.

Gaming revenue in Clark County, which includes

Las Vegas, grew by 9.6 per

cent to a little over \$3bn (£1.7bn). Las Vegas has 61,394

hotels and motel rooms with

11,494 more under construction,

and 30,000 at the planning

stage.

Once the haunt of mobsters,

Las Vegas is now such a finely-

calibrated money machine

that it is bulging at the seams.

Last year it drew 17.5m visitors,

against 16.2m the year before.

Gaming revenue in Clark County, which includes

Las Vegas, grew by 9.6 per

cent to a little over \$3bn (£1.7bn). Las Vegas has 61,394

hotels and motel rooms with

11,494 more under construction,

and 30,000 at the planning

stage.

Once the haunt of mobsters,

Las Vegas is now such a finely-

calibrated money machine

that it is bulging at the seams.

Last year it drew 17.5m visitors,

IC Nicaragua
may allow
visit by
Contras

OVERSEAS NEWS

Bérégovoy and Pöhl clash on interest rates

By David Marsh in Bonn.

MR Pierre Bérégovoy, the French Finance Minister, and Mr Otto Pöhl, president of the West German Bundesbank, clashed privately this week in Paris over French fears of rising German interest rates.

Mr Bérégovoy voiced anxiety that the Bundesbank might launch a new round of "the steepest rate escalation" at a meeting on Wednesday of the Franco-German Economic Council.

The two countries were concerned to play down the row after the meeting to avoid disturbing the foreign exchange markets. Consequently, in statements afterwards, the French and the Germans placed emphasis on the common fight against inflation.

Pressed about German interest rate policies, Mr Pöhl told Mr Bérégovoy that the Bundesbank had merely been responding to market pressure in raising leading interest rates. In recent weeks.

Mr Pöhl also told the French that the Bundesbank's policy was decided not simply by the president but by the central

bank's 18-member council. Mr Pöhl pointed too to the role played by tighter money in the US in influencing German monetary policy.

After this long explanation, Mr Bérégovoy replied sarcastically: "That means you must be planning something."

The Bundesbank raised its discount and Lombard rates by half a point to 4 and 6 per cent respectively last month. Speculation is rising of another increase when the council meets next Thursday, following a fresh increase in the Bundesbank's interest rates on its securities re-purchase transactions with banks this week.

However, officials yesterday pointed out that the renewed weakening of the dollar might make such an increase unnecessary.

France fears that gradual tightening of the Bundesbank's monetary policy will put pressure on the franc within the European Monetary System, where exchange rate parities have not changed for more than two years.

Portuguese hit by another transport strike

By Diana Smith in Lisbon

PORUGUESE commuters were hit yesterday by mass transport strikes for the second time this month.

Transport unions attempted a total stoppage of rail, bus, ferry and tram services in protest at soaring inflation (12.2 per cent a year), shrinking real wages (average 1989 increases of 8.5 to 9 per cent) and new labour rules aimed at bringing Portugal's rigid hiring and firing laws closer to EC practices. Post office staff, who held a one-day stoppage on Monday, struck again yesterday.

However, unlike the almost total transport strike on February 3, when there was no government intervention, apart from a supply of a few private buses, the authorities yesterday ordered Lisbon Underground workers to work or face dismissal. Underground trains ran normally.

It has taken eight years for Portugal to get labour law changes on to the statute book, the change finally came at a time of easy relations between government, unions and management.

Worker and business confederations feel they were insufficiently consulted over labour law changes.

Rocketing inflation and the Government's refusal to acknowledge the gravity of the problem until its standing in opinion poll hit record lows, and punitive new taxes for companies and individuals, have all eroded a consensus achieved in the days before the Prime Minister, Mr António Cavaco Silva had an absolute majority and used to negotiate rather than ordain.

South Korea's surplus cut

By Maggie Ford in Seoul

A SURGE in imports following a government decision to open markets has cut South Korea's current account surplus from \$9.6bn (12.1bn) in January 1988 to \$8.6bn last month, according to the Bank of Korea, the central bank.

Imports grew by 21 per cent to \$4.02bn, compared with \$3.3bn in the same month last year, boosted by a reduction in terms from January.

Exports registered slower growth of 11 per cent to \$4.5bn, compared with \$4.0bn last year. The slowdown was expected following the strong December

figure of \$8.2bn as companies closed the books for the year.

The January trade surplus of \$430m, compared with \$879m last year, was welcomed by government officials under pressure to reduce the surplus, especially from the US.

An official at the Economic Planning Board said the Government would continue efforts to boost imports in the hope of keeping the current account surplus below \$10bn this year. Last year South Korea recorded a surplus of \$14.3bn and a growth rate of 12 per cent.

Poor harvest prospect adds to Argentine woe

By Gary Mead in Buenos Aires

ARGENTINA faces its worst cereal harvest in a decade, according to the Buenos Aires grain exchange. The crop is expected to be 19 per cent down on last year.

Late 1988 forecasts had predicted a crop of more than 40m tons, worth \$5.5bn (23.1bn). Estimates now suggest a 29.5m-ton harvest, worth \$3.8bn.

A persistent drought, which has affected key farming areas for several months, has reduced the number of hectares sown to 18.4m, 4.7 per cent less than last season and the lowest for 20 years. Particularly badly hit is one of Argentina's biggest earners, maize, production of which is estimated to be 37 per cent down on last season. The final maize crop is projected to be 5.6m tons.

Agricultural analysts say that low harvest expectations

are only partially explained by the severe drought. Another key factor has been government exchange rate policy, which has been used as a form of indirect taxation on agricultural exports.

That policy was readjusted at the start of February in order to alleviate pressure on interest rates and stabilise the austral. However, for much of the month Argentina has experienced soaring interest rates, which reached 40 per cent per month yesterday.

Government officials said that they expected interest rates to drop next week, and that the high levels were due to unofficial and illegal currency futures traders who, in the search to attract sufficient cash to settle end-of-month dealings, were pushing up rates. Those same officials are coming under wider attack as the economy heads for further chaos.

UK NEWS

Why Treasury might see the green light this year

Ralph Atkins explains how tax incentives could help promote a cleaner and healthier environment

IT SEEMS that even the Treasury is turning green at the edges. Since last year it has used envelopes marked "recycled paper," while ministerial cars run on lead-free petrol.

Budget day on March 14 might see further tentative steps being taken in using the tax system to promote a cleaner, healthier environment.

The betting is on bigger tax incentives for unleaded petrol, and the conversion of the Queen's fleet of Rolls-Royces. And there is no shortage of other ideas being proposed by environmental groups and economists.

In theory, it would be an ideal year for Mr Nigel Lawson, the Chancellor, to prove himself a friend of the earth. Green issues are high on the political agenda, while macroeconomic considerations are likely to mean an otherwise lacklustre Budget.

Of course, it would be wise to hope for too much, only because of the inbuilt conservatism of the legislative system.

Many suggestions have got no further than textbooks. Assumptions that the Government would be willing to extend the use of taxes in influencing behaviour might founder on its well known opposition to unnecessary market distortions or fiscal fine-

extended to other areas. The aim would be to make prices paid by consumers reflect the cost of damage to the environment caused by a particular product or service. In economists' language, market prices would be equated with social costs.

Friends of the Earth, the environmental organisation, proposes imposing a special sales tax on pesticides. That would compensate for undesirable side effects on the principle of "polluter pays."

The betting is on bigger tax incentives for unleaded petrol, and the conversion of the Queen's fleet of Rolls-Royces. And there is no shortage of other ideas being proposed by environmental groups and economists.

In theory, it would be an ideal year for Mr Nigel Lawson, the Chancellor, to prove himself a friend of the earth. Green issues are high on the political agenda, while macroeconomic considerations are likely to mean an otherwise lacklustre Budget.

Of course, it would be wise to hope for too much, only because of the inbuilt conservatism of the legislative system.

Many suggestions have got no further than textbooks. Assumptions that the Government would be willing to extend the use of taxes in influencing behaviour might founder on its well known opposition to unnecessary market distortions or fiscal fine-

scope for increasing recycling to ease damage to the environment from intensive forestry or mining.

If companies and individuals gave more thought to increasing recycling, it need not increase costs. More aluminium cans, for instance, could be recycled if labelled to show whether they contained impurities. Mr Secrett of Friends of the Earth says: "We believe that it would be an ideal year for Mr Nigel Lawson, the Chancellor, to prove himself a friend of the earth. Green issues are high on the political agenda, while macroeconomic considerations are likely to mean an otherwise lacklustre Budget.

The advantage of a sales tax is that it could be directed precisely, without the clumsiness of an outright ban. Specific pesticides would be listed and the extra tax imposed might even be varied according to the damage caused. Any aversion to levying extra taxes might be eased by dubbing it a "pollution charge."

Another variant, also proposed by Friends of the Earth, would be a resources tax. That would be imposed on commodities such as aluminium or paper pulp where there is

more available.

However, unlike a straight sales tax, companies could trade permits between themselves, according to the cost of cutting their emissions. Its appeal to the Government is that it offers a market-based solution to correcting imbalances between market and social costs.

Marketable permits would only work where there was a small number of polluters — they would be useless for controlling car emissions — but could be used in the chemicals industry or to control acid rain caused by sulphur dioxide and nitrogen oxides emitted from power stations.

Marketable permits would almost certainly stepping beyond the scope of Budget changes — would use "marketable permits." Under the scheme, companies have permission to emit a certain amount of pollution but total emissions are controlled by restricting the number of permits.

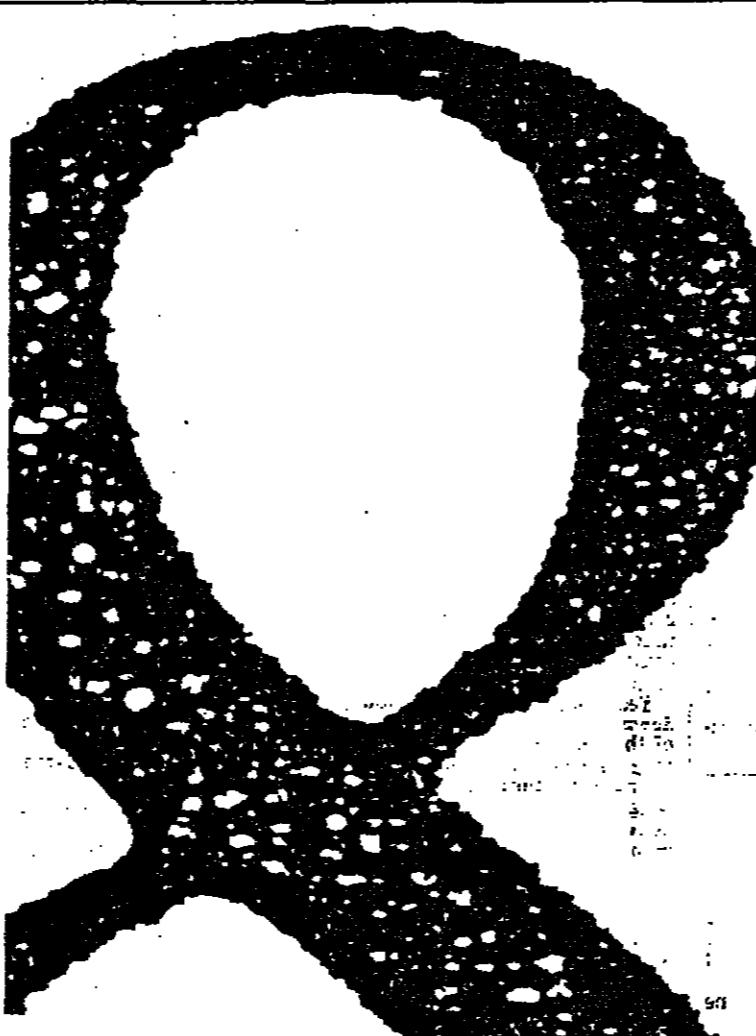
want them to do to minimise the cost to the nation of reducing pollution."

He adds: "The problem is how to sell it to industry. My solution would be to say you can either have stricter and stricter standards or you can have the same regulations but get it very much more cheaply if we use this sort of mechanism."

There are other, less sweeping, changes that the Government could make. Friends of the Earth says a big increase in taxes on petrol would discourage unnecessary use of cars and help to promote public transport.

A shift in the burden away from vehicle excise duty (which Friends think is best by widespread evasion) towards tax on petrol would penalise heavy use, rather than taxing car ownership. There would also be environmentally advantageous side effects to removing tax benefits on company cars. Incentives to buy more expensive, petrol-guzzling vehicles would be removed.

Green taxes are likely to be mostly revenue-raising — perhaps unwelcome for a Chancellor facing a big public-sector debt repayment. His embarrassment could be eased, however, if, alongside revenue implications in ministers' briefing notes, officials were to set out the environmental gains.



LONDON LIFE

Established 1806

London Life

and AMP.

The best is yet to come.

The merger between London Life and Australian Mutual Provident has received its final approval.

From March 31st the Group can face the challenges of its international competitors with renewed confidence and vigour. That's because the merger is a key element in the implementation of a global strategy that is intended to make AMP one of the major players on the world stage.

Increasingly the future of the insurance industry world-wide will belong to the companies with the greatest resources behind them. And success will go to those who have been able to plan their investments on a global basis; those who have established themselves in the areas with the greatest potential for growth.

The merger with London Life is part of a programme of expansion that harnesses the skills, expertise and understanding of the UK market to the capital strength and international vision of AMP.

It will enable the Group to provide new products and services, and to take advantage of opportunities for profitable growth.

Most of all it will enable the Group to offer all its customers the security that only financial strength can provide.

Together we have a great deal to look forward to.

AMP
GROUP

A member of LAUTRO

are only partially explained by the severe drought. Another key factor has been government exchange rate policy, which has been used as a form of indirect taxation on agricultural exports.

That policy was readjusted at the start of February in order to alleviate pressure on interest rates and stabilise the austral. However, for much of the month Argentina has experienced soaring interest rates, which reached 40 per cent per month yesterday.

Government officials said that they expected interest rates to drop next week, and that the high levels were due to unofficial and illegal currency futures traders who, in the search to attract sufficient cash to settle end-of-month dealings, were pushing up rates. Those same officials are coming under wider attack as the economy heads for further chaos.

UK NEWS

Windsor cable TV cleared to set up phone net

By Hugo Dixon

WINDSOR Television has received permission for the first large-scale telecommunications project by a UK cable television company. Ofcom, the telecommunications watchdog, has told Windsor it may build a rival network to British Telecom's in the Langley, Maidenhead, Slough and Windsor areas.

Nevertheless, Ofcom has pinned high hopes on the cable companies as the main way of breaking BT's monopoly at the local level. Mercury Communications, the only company licensed to compete with BT nationally, is expected by Ofcom to be an important rival only on long-distance routes and for business customers.

Until Ofcom's next decision, there have been only three pilot telecommunications schemes by cable companies, each containing a few hundred premises. Windsor TV is one of them in Slough. Industrial Estate, its new catchment area will be more than a hundred times that size.

All cable companies are allowed to set up competing telecommunications networks in the areas where they have been granted a cable franchise, provided Ofcom approves. They

have generally not sought the opportunity because of the scale of the investment required and because they are competing against a well entrenched rival.

Mr Nick Pellew, marketing director of Cable Telecom, Windsor TV's telecommunications offshoot, said it was aiming for a 20 per cent penetration of its possible market, which contains 50,000 premises. That would require substantial investments on top of the £1m the company has already invested in its pilot project.

Mr Pellew said the advantages of Cable Telecom's service compared with BT's would be itemised bills and savings of between 10 per cent and 25 per cent on phone charges.

Cable Telecom will be feeding all its customers' phone calls into Mercury's national network because, under Ofcom's present regulations, it has to rely on either BT or Mercury to switch calls on its behalf.

Cable Telecom is campaigning with Ofcom to be allowed to switch its own calls. The watchdog is understood to be sympathetic to its position, but is committed to its present policy until the end of next year.

Government warned on ITV tender plans

By Raymond Snoddy

DELOITTE Haskins and Sells, the accountancy and consultancy firm, has warned the Government that it sees "significant problems" in plans to put ITV broadcasting licences out to competitive tender.

The white paper on broadcasting published in November proposed that licences should go to the highest bidder after an initial quality threshold, although there have been hints that this approach might be modified.

Deloitte, auditor to the BBC and several ITV companies, argues in evidence to the Home Office that government tender plans:

- Take no account of the degree to which a particular applicant proposes to exceed the minimum programme quality threshold.
- Contain no system to deter overbidding by applicants.
- Favour applicants with greater capital resources and a lower cost of capital because of the "lump sum" nature of the proposed tenders.

Deloitte also believes that the tenders are likely to be undermined if there is a totally free market in takeovers when the licences are awarded. Deloitte wants to see a three-year moratorium on takeovers to allow the commercial television industry to settle down

after the licensing process.

On the main tendering process the Deloitte Media Group argues that the danger of overbidding should be met by obliging the highest bidder to pay only the amount proposed by the second-highest bidder.

It should be possible to make bids in the form of a percentage of advertising and subscription revenue or a mixture of that plus a lump sum. Deloitte is also opposed to commercial broadcasters paying a levy in addition to tender price.

W. H. Smith, the retail and distribution group which will soon have two channels of television on the Astra satellite, would like the BBC's two national television channels to be placed under separate managerial control.

W. H. Smith Television argues in its evidence to the Home Office that in the absence of such separation there should be strong provisions in the bill against anti-competitive practices to ensure that neither the BBC nor a new duopoly should frustrate government policy objectives.

EBC Amro ends currency trading and cuts 40 jobs

By Stephen Fidler, Euromarkets Correspondent

EBC AMRO, once one of the best-known names in the London foreign exchange market, has ceased currency trading, with the loss of about 40 jobs, the bank announced yesterday. The rest of its operations in London, including asset management, corporate finance and private banking businesses, employing another 50 people, will be incorporated in Amsterdam-Rotterdam Bank's London branch by October.

EBC Amro's activities in Jersey and Switzerland, employing more than 20 people in each country, will continue.

Amsterdam-Rotterdam in 1985 took over the European Banking Company, formerly a

consortium bank in which it was a shareholder, but allowed it to run as a separate entity.

EBC had a reputation for trading "cable," market parlance for dealing in sterling versus the US dollar for spot, or two-day settlement. But its currency business, focused on trading between banks, lost modest sums over the past two years, an official said.

He said the bank did not believe, in view of increasing competition, that prospects for the business would improve much and it was not felt that the EBC operation would fit well with Amro's own foreign exchange business, focused on corporate clients.

There was also a fall in the shorter leading index, which looks six months ahead.

Culture and commerce pull crowds into church

By Alan Pike, Social Affairs Correspondent

MRS MARGARET Thatcher does not always enjoy the easiest of relationships with the Church of England. Last week, however, the Prime Minister went to Uxbridge, in the outer London suburbs, to inaugurate a church project that exhibits some of her Government's favourite values — financial skill, business sponsorship and excellent marketing.

Uxbridge has benefited from the economic growth in the south-east since Mrs Thatcher came to power. Its position close to the motorway network and Heathrow Airport has made it a fast developing office centre.

Demand for building land enabled St Margaret's, the medieval church in the town centre, to sell the site of its hall for £1.5m — a vast sum in the balance sheet of the average parish church. The clergy felt that, as the money had come from developments in the local economy, it should be used in a way that gave something back to the community.

Uxbridge has been described by a business leader whose offices are located there as a "soulless, gold rush town." Even if residents might think that an exaggeration, the town certainly has no cinema, no theatre and almost no outlet for professional music.

The St Margaret's clergy decided to make the church a centre for staging the cultural and other events that never happened in Uxbridge. But, before committing their funds, they had to face a frank question — would the public be likely to attend such functions in a building most people never entered for worship?

With a professionalism that has been a feature of the entire project, they sought the answer by employing a market research organisation to conduct surveys.

That had two outcomes. About half the £1.5m was spent on transforming St Margaret's in a way which, while still enabling it to function as a church, has left it looking much less like a conventional ecclesiastical building and has equipped it for theatre, music, dance and exhibitions.

The other was to launch the project as The Nave, which is described as the weekday identity of St Margaret's. "We concluded that marketing events under the title of St Margaret's Church would promote images of a draughty, badly lit building with people giving out tracts at the end of every function," says Mr Hugh Spanner, the project's full-time publicity and development officer.

"Nave is a meaningful word in church circles, and a neutral one to people outside."

An average of three events a week is planned — classical, jazz and rock concerts, and well known guest speakers are on the first programme.

St Margaret's will subsidise the programme with £80,000 during the first two years and is seeking £20,000 a year business sponsorship. Half the first year's target has already been reached, with Grand Metropolitan, Marks and Spencer, Coopers & Lybrand and Allied Irish and Lloyds banks among the sponsors. A Midland Bank-sponsored hologram exhibition which followed the Prime Minister's inauguration of the project attracted 2,000 visitors on its first day, compared with an average Sunday congregation of 100.

The St Margaret's staff admit that there have been a few natterings from traditionalists about casting the money lenders out of the temple. But they see themselves as re-creating the values of the medieval church, when the secular was less clearly drawn than it is now.

At least two animal rights groups have claimed responsibility.

Economy 'may slow'

CYCLICAL indicators for the UK economy may be pointing to a slowdown in economic growth, the Central Statistical Office said. It warned, however, that any interpretation was provisional.

The longer leading index, looking about a year ahead, fell between December and January.

There was also a fall in the shorter leading index, which looks six months ahead.

Christopher Tugendhat asked for investigation

give instant replays of airmisses to determine probable causes.

The recommendations were made by the Department of Transport's Air Accidents Investigation Branch, which studied the Lydd miss.

The branch does not nor-

Housing sales languish as rates stay high

Andrew Taylor says building society figures show a pause in a once booming market

B

UILDING SOCIETY lending figures published yesterday will bring little comfort to people struggling to sell their homes in a housing market that, if it is not stuck in reverse gear, certainly remains in neutral.

The number of new loans agreed by building societies last month was more than a third lower than during the corresponding month last year.

New commitments totalling 47,000 last month were also well down on the 60,000 loans agreed by societies in January 1987; the 76,000 in January 1986 and 71,000 in January 1985.

Net new commitments totalled 47,000 last month were also well down on the 60,000 loans agreed by societies in January 1987; the 76,000 in January 1986 and 71,000 in January 1985.

The Building Societies' Association says building society figures show a pause in a once booming market

business in the mortgage markets by using a time when the market is subdued to undercut their competitors outside the industry, such as the new mortgage companies.

As a result, building society rates for savers and borrowers are being kept low. In spite of that, most societies say they are awash with retail funds and no shortfall is anticipated in the near future.

Building society receipts have now been under £1bn for four of the last five months, largely because societies have decided to chase

prices still have to catch up with earlier gains in the south. That is reflected in mortgage demand at building societies which has remained higher in the north.

New homes account for only about a tenth of annual house purchases, which last year were estimated to have amounted to 2m-2.5m transactions. Builders such as Crest have been encouraged by the recent pick-up in sales, but recognise that the market is likely to remain more tricky while interest rates stay high.

Some builders plan to increase sales to housing associations and building societies, which have recently started housing divisions. Outlets like Halifax have forecast that house prices are likely to rise by about a per cent this year, in spite of higher interest rates and slower economic growth.

The obstacles faced by people trying to sell their home in a thin market is rebounding on builders of new homes who have been unable to complete sales on some sites in southern England, because buyers have been unable to sell their existing property.

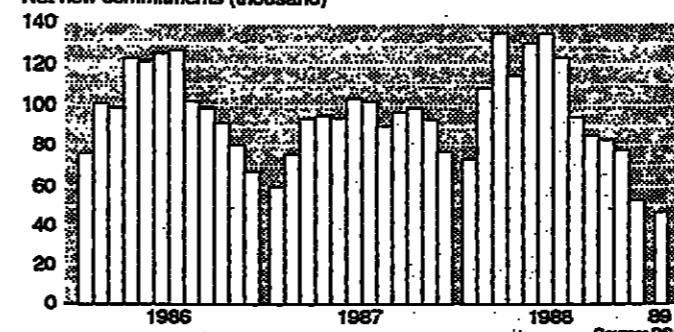
Crest Nicholson, which last year built about 1,400 homes, says the drop-out rate of buyers unable to complete purchases has risen from about 20 per cent of sales to about 30 per cent.

Many builders have been offering to buy-existing homes of purchasers in cases where housing chains are holding up sales. Mortgage subsidies and even price cuts in some cases have been offered to boost sales.

By contrast, house sales have continued to rise ahead in northern England, where

Number of loans agreed

Net new commitments (thousand)



Source: BSA

with exceptional demand in February last year.

The very high level of demand persisted through the summer and will continue to affect comparisons for the next few months. By last September, the housing market had begun to retreat. In fact, the gap between lending levels compared with the corresponding months last year is likely to have widened in February.

Halifax and Abbey National, the two largest building societies, say an improvement in lending since the end of January represents a normal seasonal bounce back after the Christmas and new year holidays, rather than a fundamental rise in the housing market.

In fact, the gap between lending levels compared with the corresponding months last year is likely to have widened in February.

Halifax and Abbey, like

Halifax, believe that house sales are more likely to fall than house prices. Mr Richard Boulton, Abbey's senior economist, says: "This is supported by the society's regional house price

figures which have yet to show a fall — even though we are aware that price reductions have occurred in individual areas within some regions."

Halifax has forecast that house prices are likely to rise by about a per cent this year, in spite of higher interest rates and slower economic growth.

The obstacles faced by people trying to sell their home in a thin market is rebounding on builders of new homes who have been unable to complete sales on some sites in southern England, because buyers have been unable to sell their existing property.

Meanwhile, building societies plan to increase their share of total mortgage lending from about 60 per cent of the home loans market last year to about 65 per cent this year. Some societies, like house builders, have been offering incentives including interest-rate discounts on larger loans, in an effort to increase their market share.

The biggest influence on the housing market, however, remains the level of interest rates, and an early cut in base rates is unlikely, to judge by the Chancellor's remarks on Thursday.

MEPC sells top Sydney property

By Paul Cheeseright, Property Correspondent

MEPC, Britain's second-largest property group, has sold the Exchange Centre, home of the Stock Exchange in Sydney, for A\$370m (£175m), the largest property transaction involving a completed building ever seen in Australia.

The buyer is Armstrong Jones, a property trust and fund management group that has been active in the Sydney property market over the last year.

The Exchange Centre is in the heart of Sydney's central business district and contains 415,000 sq ft of offices.

The complex, built in 1979, is the biggest single investment MEPC controls in Australia.

MEPC is selling the building precisely because it accounts for such a large portion of its Australian portfolio and, in the view of the group's Australian executives, has inhibited MEPC from undertaking more development, especially in central Sydney.

According to MEPC's last accounts, dated September 1988, Exchange Centre was worth £142.8m, and accounted for more than 40 per cent of the total value of the group's Australian property portfolio, then worth £342.8m.

MEPC has total property assets of £3.1bn, nearly half of which are in central London. Its Australian assets, before the sale of Exchange Centre, accounted for 11.1 per cent of the portfolio.

Regalian sells unbuilt office block for £130m

By Paul Cheeseright

REGALIAN Properties has sold, even before the start of construction, an office building on the south side of the Thames in central London, for £130m.

According to Savills, Regalian's property adviser, this is the biggest pre-sale of an office building in the UK.

There has been speculation in the property industry that the buyer is Property Services Agency, which has been searching for space near Westminster. However, the agency said "it is nothing to do with us".

The building, which is a 450,000 sq ft office development, will be next to Vauxhall Bridge, within easy reach of both the Houses of Parliament and the West End.

Construction is expected to start this year and take three years to complete. Payment will be spread over four years.

The sale underpins the growth of Regalian's profits in the same way as its sale to Pearson of a new headquarters for the Financial Times. In that case, on a sale

UK NEWS

Gateway to ban aerosols that contain CFCs

By Christopher Parkes, Consumer Industries Editor

GATEWAY, the 820-store supermarket chain, is to ban the sale of aerosols containing chlorofluorocarbons (CFC) propellants from July.

The move, announced yesterday, follows the removal of CFCs from all Gateway's own-label goods. Its household products, such as spray window cleaners, have been CFC-free since 1987, and the company has now removed CFCs from its toilettees, including hairsprays and anti-perspirants.

CFCs are believed to be partly responsible for warming the atmosphere's ozone layer, a topic to be discussed next month.

Sainsbury's, which stopped selling own-label products containing CFCs in October, said most British manufacturers were switching to alternative propellants. However, it would still stock international brands containing CFCs in order to offer customers the widest possible choice.

At Safeway, which converted its own-label lines 12 months ago, officials said leading branded manufacturers had in any case undertaken to rid their products of CFCs by the end of 1988.

House of Fraser, the department store chain, announced a phased ban at Christmas.

Beecham group, one of Britain's largest aerosol producers, said this week that all its products were now CFC-free. Elda Gibbs, the Unilever subsidiary, finished converting its production facilities two weeks ago, and only smaller UK suppliers have yet to make the switch.

Aerosol makers are moving rapidly after a rise in public concern. The British Association of Aerosol Manufacturers, which represents 85 per cent of the industry, said 95 per cent

Labour revises training policy

By Charles Leadbeater and Fiona Thompson

ME. MICHAEL Meacher, Labour's employment spokesman, last night mapped out a radical revision to the party's policy on training.

The proposals reject state intervention in favour of a more flexible approach based on regional training boards which would encourage companies and individual workers to invest more in developing skills.

The revised policies, which mark a radical shift from its thinking in the early 1980s, would give every employee the right to training. A significant rise in spending would be financed by a payroll levy on employers.

A National Training Fund would administer spending only for training not specifically tied to a single employer and where companies failed to develop adequate facilities.

Companies unable to organise sufficient training would be given help by consultants brought in by the regional boards.

Mr Meacher, in a speech on employment in the 1980s, said Labour would focus not upon the unemployed but the employed. The aim would be to ensure that companies and public sector organisations took responsibility for funding training relevant to their development and the long-term needs of their industries.

Speaking in Sale, Cheshire, he said: "Labour's answer to this even five years ago might have been massive state intervention to police if not control training within enterprises."

The sheer impracticality of this leaves the politics of it not worth discussing."

The policy review report, which will be complete in two months, would propose that a Labour government should use sanctions only in exceptional circumstances. Such sanctions would take the form of tax incentives rather than "heavy-booted legal enforcement."

Employers and unions would be encouraged to set up joint committees to draw up enterprise training strategies. Mr Meacher said it was vital that demand for training, and monitoring of its quality, was made within workplaces.

The committees, which either employers or unions could set up, would be able to draw upon grants from a National Training Fund, which would be financed by the payroll levy.

A National Training Organisation would set training standards, but the bulk of spending from the fund would be controlled by Regional Training Boards, which would develop close links with local industry.

Employers would be required to advertise all vacancies internally and externally, and to spell out the qualifications needed for the post.

Mr Meacher said the strategy, which has been agreed by the policy review group covering trade and industry and economic policy, would be central to raising industry's competitiveness.

The policy review group set up almost 18 months ago will present their reports to this year's Labour Party conference. They will form a base for the next election campaign.

Homework deserves some serious study

Jimmy Burns reports on an answer to the skill shortages facing employers in the 90s



Women at work

full-time.

Employing some 280 home-workers, ICL's teleworking unit is still a relatively small proportion of the company's overall organisation of 20,000 employees. However, according to Diana Hills, a home-based general manager with ICL, the unit has grown and become more effective and profitable since it was first set up as a pilot scheme with 10 women in 1986.

The unit now has a network based around a four-tier management structure divided into regions and areas. Home-workers keep in touch with each other through regular project meetings, and refresher training sessions. They are also expected to spend a significant proportion of their contracted hours meeting customers.

At ICL, a strict recruitment policy is aimed at ensuring that an applicant is able to combine domesticity with her work without allowing one to undermine the other.

Applicants are told, for example, that children if at home should be kept in a private section of the house, away from the computer, and that planning to work only at night time when the children are in bed is unacceptable.

Ms Flowers, like most other workers who work for ICL, employs a childminder and uses a day nursery, even though she still finds that she sees her children much more than she used when working full-time for the company.

Together with ICL, there are computer companies like the FI group, and Rank Xerox, that during the 1980s have been developing networks of teleworkers as an integral part of their organisation. Other companies like British Telecom now have managers operating from home with the help of a phone, facsimile machine, and computer. The general thrust is that teleworking should be home-based rather than home-bound.

Local authorities in areas where skills shortages are looming, like Winchester-based Hampshire County Council, share the view of some private companies like ICL that the

This is the final article in a series on women's employment.

Computer staff in short supply

By Fiona Thompson, Labour Staff

RECRUITING and retaining experienced computer staff remains a problem for many organisations, according to a report by Income Data Services, the pay research group.

Shortages continue to be worst among development staff, such as systems analysts, and this is where there will be the greatest demand for staff in the 1990s, with the demand for operations staff continuing to decline.

The IDS study, Computer Staff Pay, looked at how 29 organisations have attempted to resolve recruitment and retention problems.

Although most employers have been keen to recruit experienced staff, there are signs that more organisations are stepping up their investment in training.

In an attempt to overcome the competition for new and experienced computer staff, employers have developed a wide range of pay and conditions policies.

The use of performance reviews to determine individual salaries is growing in popularity. In some organisations salary is totally merit-based, and the merit element can be worth up to 21 per cent of salary.

A number of employers review the pay of computer staff every six months, to ensure that staff are paid the "market rate" for their skills.

Grading structures are being revised to make them more flexible to market pressures.

The average earnings of information technology staff rose by 18 per cent in the year to October 1988.

IDS Study 428, February 1989, 193 St John Street, London EC1V 4LS.

Talks fail to end exam boycott

By David Thomas, Education Correspondent

THE EXAM boycott in the universities seems set to intensify following the failure yesterday of the employers and the Association of University Teachers to produce any fresh initiatives to resolve the crisis.

Mounting anxiety about the boycott was reflected in the decision of Cardiff University to break ranks with the employers' negotiators by offering a local settlement.

The Committee of Vice-Chancellors and Principals, arguing that it can afford only a 3 per cent rise for 1989-90, has appealed to the Government for more funds for pay. The 30,000-strong AUT launched its exam boycott in January.

Moves in the AUT executive to call off the dispute if the

employers agreed to binding arbitration came to nothing. In any case, the employers and the Association of University Teachers to produce any fresh initiatives to resolve the crisis.

Mounting anxiety about the boycott was reflected in the decision of Cardiff University to break ranks with the employers' negotiators by offering a local settlement.

The Committee of Vice-Chancellors and Principals, arguing that it can afford only a 3 per cent rise for 1989-90, has appealed to the Government for more funds for pay. The 30,000-strong AUT launched its exam boycott in January.

Moves in the AUT executive to call off the dispute if the

Training scheme draws 151,000

By Fiona Thompson

A TOTAL of 151,000 people have now signed on to the Government's Employment Training Scheme for long-term unemployed adults. Mr Norman Fowler, Employment Secretary, said yesterday, speaking at a CBI conference in Birmingham.

This was a remarkable achievement, he said. ET was now firmly established and had grown faster than any previous adult training programme.

However, when the programme was launched six months ago, the Government's monthly enrolment target was about 45,000 people.

These targets had been cut by 10 per cent because not enough people had joined.

A top ten performer in 1988

Drayton Far Eastern Trust plc, has, once again, shown an outstanding performance with Net Asset Value up 38%.

The trust invests in the fast growing economies of Japan, Hong Kong, Singapore, Korea, Taiwan and Thailand and was ranked 4th of all investment trusts in 1988, 2nd over 5 years and 5th over 10 years by the Association of Investment Trust Companies.*

The trust is managed by MIM Limited who also had a very rewarding 1988 receiving the "Sunday Telegraph" Investment Trust Management Group of the Year Award and the "What Investment" Management Group of the Year Award.

An investment trust savings scheme is now available for Drayton Far Eastern Trust and other trusts managed by MIM Limited. For details contact: Adam Cooke or Andrew Edgington, MIM Limited, 11 Devonshire Square, London EC2M 4YR. Tel: 01-626 3434.



*For net asset value total return performance.

This advertisement has been approved by MIM Limited. A member of IMRO.

Council pension funds choose venture capital

By Charles Batchelor

COUNCIL pension funds have become enthusiastic investors in venture capital, according to a survey published by the Pensions and Investment Resource Centre.

The funds, particularly those in London, the Midlands and northern England, see venture capital as a means of creating jobs locally as well as offering potentially higher returns than those available from quoted company investments.

Pension funds have been attracted back to venture capital because venture fund managers have adopted more cautious policies towards the companies they back, the survey says.

Venture capital managers now concentrate on more stable companies and avoid start-up companies and high-technology businesses.

Council pension funds have invested £179.1m in venture capital while a further £475.7m has been allocated for investment in it.

Questionnaires were sent to all 86 local authorities with superannuation funds in Britain, of which 82 per cent, representing pension funds worth £204bn, replied. Of those:

Nuclear quality systems are sound, CEBG says

By David Green

THE Central Electricity Generating Board yesterday challenged an independent consulting engineer's claim that its quality assurance system is inadequate and might lead to difficulties with its latest nuclear power stations.

Mr John Large, a chartered engineer and chief executive of Large & Associates, was challenging for a consortium of 28 local authorities opposed to Hinkley Point C.

He told the Hinkley Point C inquiry that faults and operational snags with the CEBG's advanced gas-cooled reactor series showed that the quality assurance system was flawed. The board and the Nuclear Installations Inspectorate were weak and fallible on an issue of prime importance.

Childcare cash 'would raise number of mothers in work'

By Ralph Atkins, Economics Staff

A CHILDCARE subsidy for working mothers could increase the likelihood of single parents taking jobs according to a study presented yesterday.

Mr John Ermisch of the Centre for Economic Policy Research argued that a childcare subsidy paid to working mothers of 45p an hour would cover 25 per cent of the average cost of childminders, and would increase the probability of them working by about 5 to 6 percentage points.

His study, based on surveys of women largely dependent on benefits in the 1970s and 1980s, also showed that increases in child or one-parent benefit could raise the numbers of single mothers in employment. The effect of higher child benefit

was greater for women with more children.

Participation in paid work could also be boosted by enforcing maintenance payments or offering a tax rebate or cash grant for childcare expenses.

However, the experience in the last two decades suggests increases in supplementary benefit may discourage single parents from taking jobs.

If supplementary benefit entitlements were increased by £13, or about 20 per cent, the proportion of lone mothers in work would fall from 40 per cent to about 35 per cent, he estimated.

Employment dynamics among British lone mothers. CEPR discussion paper 302, 6 Duke of York Street, London SW1Y 6LA; £2.

PEOPLE WHO KNOW CHOOSE THE BEST

Kleinwort Barrington

UNIT TRUSTS & INVESTMENT SERVICES FOR THE discerning INVESTOR

Full details of our funds and services may be obtained from your usual professional adviser or by calling us free on 0800 010101 (personal service during normal business hours, answering service at other times).

Kleinwort Barrington Ltd, 10 Fenchurch Street, London EC3M 4LB. A member of Lazard, DMRG and the UTA.

DMRG Marketing Group Associate - Kleinwort Benson Investment Management Limited.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telex: 6854871 Fax: 01-235 97645 Telephone: 01-246 8000

Saturday February 25 1989

The Tories stay safe

THE PIECES that make up Britain's political jigsaw are moving about, but the overall picture remains the same. Mrs Margaret Thatcher's Conservative Government is here for the duration. The Opposition, which might be effective if it could be unified, remains ineffective because it is divided. Yesterday's election results seem likely to add to its misery, at least in the short run.

Both results were a disappointment for the Labour Party. In Pontypridd, which Labour held, the Conservative share of the vote fell - but so did the Labour share, albeit to a lesser extent. The major opposition party cannot afford to see its vote reduced, even by a Welsh Nationalist upsurge, if it is to have any hope of regaining credibility. The potential winner of the next general election is likely to be the gap between the parties, as recorded in the opinion polls, has narrowed in recent weeks. Yet that alone is not good enough. At this stage of a parliament, with the Government in some difficulty over inflation and associated other issues, Labour should be ahead and running onwards.

The alchemical result showed how far the opposite is the case. The Tory majority dropped very sharply indeed, from 19.5% to 2.6%, but the Government's concern at this important indication of its current unpopularity in that area will doubtless be tempered by the extraordinary spectacle of

what happened among the also-rans. Labour lost its deposit. That would be bad enough for the opposition taken as a whole, but worse news, from the anti-Tory point of view, was that the two factions of the former Alliance prevented one another from taking the prize of victory that would have been theirs if they had stood as one party.

The Social and Liberal Democrats have based their entire strategy on the proposition that the far smaller Social Democratic Party under Dr David Owen would vanish after a series of overwhelming defeats. This seemed to be working in local council by-elections, and indeed it had some success at Pontypridd. All is now changed by the SDP's triumphant second place at Richmond. It is clear that Dr Owen will not yet have reason to leave the field to Labour, as recorded in the opinion polls,

but the Democrats will have to rethink their strategy. Dr Owen seemed yesterday to be in no mood to accept the offer by Mr Paddy Ashdown, leader of the Democrats, of a fresh merger; he would, however, like an electoral pact. Neither choice would produce stability at the centre. In either case the battleground will still be occupied by both Labour and its opponents on the opposition side. Until one party shows that with or without Dr Owen, it alone can be trusted as an alternative government, the Tories remain safe.

The Moslems in Britain

THE CENTRAL point in the speech by Mr Douglas Hurd, the Home Secretary, at the Birmingham Central Mosque yesterday was this: "The law in Britain is above us all. It applies to everyone, whether Christian or Moslem or Sikh or Jew. No one is entitled to pick and choose which laws he or she obeys."

The Moslem community in Britain seems to have become quieter and more restrained since the original reactions of some of its members to Mr Salman Rushdie's book, *The Satanic Verses*, set off protests of one kind and another around the world. It would be mischievous to pretend that the Moslems in Bradford deliberately started a chain of events that has led to death threats and demonstrations on such a scale. Yet the fact remains that the protest did begin in Britain. If it had not,

The Satanic Verses might have received rather less attention. And if the initial protesters had used only a little forethought, they would have realised that what they were doing was profoundly against the traditions of the country in which they live. We do not burn books, even symbolically, and incitement to violence is a punishable offence.

As Mr Hurd said, several Moslem leaders in Britain have now made statements accepting that, if their followers wish to reside here, they must obey the law of the land. We hope that that is the end of the domestic implications of the Rushdie affair in terms of damaging relations between the communities. But it has been a lesson expensively learned, and the law against incitement remains - to be used if necessary.

MAN IN THE NEWS

Vaclav Havel

Imprisoned Czech with a liberated spirit

By James Blitz



under Dubcek's earlier version of *perestroika*. This *Politburo* belongs to 1969, not 1988.

Havel learned early to know the state as a political brute. His upbringing in a wealthy middle-class family was held against him in the early 1950s, at the height of Stalinism, and he received the punishment that creates so many East European rebels: he was forbidden to enter higher education.

He worked in a chemical laboratory, reading voraciously by night - principally the work of Jan Patocka, a Czech moral philosopher who was later to become the inspiration behind Charter 77. Patocka says that we should see things, relations and events as they present themselves to us, and not in the way they are presented by an ideology or scientific theory. That is about as far as a

philosophy can get from Marxism, and Havel devoured it.

One of his fellow-activists identifies another essential strand to Havel, the belief in "living honestly". Havel writes as though censorship did not exist and behaves as though there were no state coercion. As Jiri Nemec, another long-time friend, puts it: "If he didn't want to write about something, he didn't write about it. And if he did, then he only wrote about it in a way that was true."

It was difficult, though not impossible, to adhere to such a principle in Czechoslovakia in the years before 1988, when Havel wrote his first plays. But the political crackdown that followed the Soviet tanks has remained rigid. The Party's authoritarianism has been met

by a quiet stoicism in Prague's people, which can be felt by any visitor to the capital today.

Havel, however, has kept to the principle of saying what he thinks. His open letter to the former Party leader, Gustav Husak, delivered in 1975, was a direct attack on the system. The idyllic image is artificial. It is not based on any real beliefs in the regime's goals, nor even on any vague agreement with your overall policies. Corruption is widespread. There is hardly anyone who does not take bribes - from the ministers down to the plumbers."

The letter is written in uncomplicated and direct prose. In his plays, Havel loves to mock the unnecessarily complex language of Communism,

not officials, which hides true motives. In his best-known work, *The Memorandum*, the bureaucrats invent a new official language, *Pidgin*, which humiliates our unscientific way of speaking. A word's length depends on the frequency of use. "Wombat", for example, has 319 letters.

Havel's participation in the human rights group Charter 77 and VONS (The Committee for the Defence of the Unjustly Persecuted, founded in 1979), opened a new and unpleasant chapter in his life. He has spent four of the last 11 years in prison and has been under constant police surveillance. It could all have been avoided if he had accepted an offer from the authorities to emigrate to the US in 1979. He turned it down and started a three year jail sentence.

The dilemma facing a dissident who is offered freedom in exchange for silence is the theme of his play, *Large Design*. The state police tries to force a professor to sign a paper renouncing his work while his friends force him to take a stand. After much dithering, the professor tells the police that he will not sign, only to find that the state refuses to lock him up: the dithering has been recorded as a vote in favour of the regime.

The inspiration for the play, according to a former colleague Karel Kyral, was an event which profoundly distressed Havel. During a short stay in Prague's Buzyne prison in 1977, Havel wrote a cleverly-worded letter asking to be released. To his surprise, the letter secured his freedom, but was published by the press in the form of a renunciation of his activity against the regime. For a long time, Havel was tormented by guilt for having lowered his guard.

This weekend, back in

the same prison, he will not ask to be let out early. In the past, he has been on a programme of hard labour, making heavy steel mesh and stripping the insulation off wires. He may be behind bars, but some say that he is the most liberated spirit in Czechoslovakia.

Sport

If you want to know if Liverpool or Arsenal are playing at home on Saturday, the sports page of the Weekend FT is not for you.

The latest in player power on the world professional tennis circuit or even a radical new approach to golf course design or even future tactics in the America's cup is more likely what you might find.

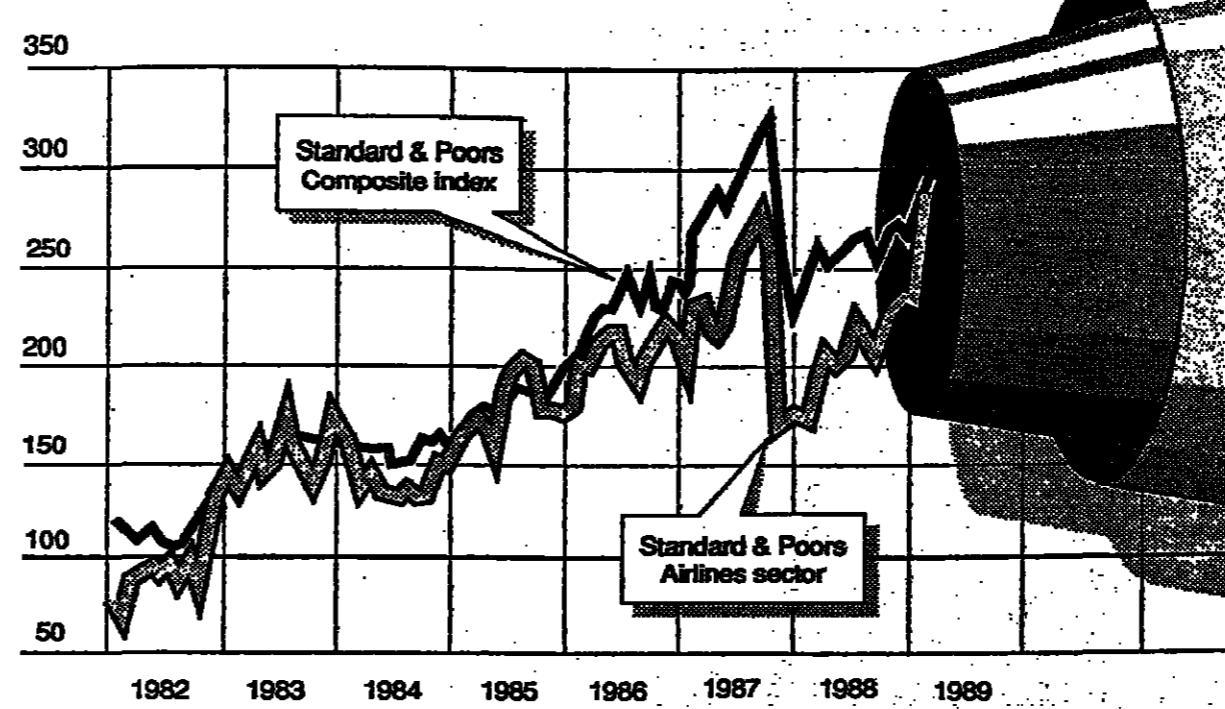
Weekend FT



Anatole Kaletsky on US airline deregulation and its lessons for Europe

Big birds back in American skies

US Airlines sector share price performance



analyses, about the likelihood of seats remaining empty. This allows them to vary the availability of discount fares and thereby snare the maximum number of full-price customers while minimising the seats left empty. The CRSS also provide instant information on competitors' prices and sales volumes, making both predatory and collusive pricing that much easier.

• Frequent-flier bonus programmes create significant barriers to entry for new or small airlines. The business traveller tends to remain loyal to his chosen bonus carrier, usually the one with the most extensive route network out of his city. Because business travellers, practically those who do not mind paying premium prices, play such a vital role in airline economics, the bonus schemes are surprisingly important to airline competition in the US.

• The biggest competitive obstacle of all, however, lies in the shortage of physical infrastructure required to make flying possible. The hub and spoke route system which all airlines have adopted since deregulation has greatly increased congestion and raised the value of gates at overcrowded airports and historically allocated landing and take-off slots. At many of the main transport hubs, including New York, Chicago, Atlanta, Washington and Denver, there is no way for new competitors to move in on a significant scale without somehow acquiring gates and landing slots from the very airlines they plan to challenge.

For policymakers considering deregulation in Europe, the US experience therefore raises some difficult questions. Could any of these obstacles to competition be removed by conscious government action? And should this be done as part of an airline deregulation policy package?

While the use of CRSS and frequent-flier programmes might call for greater surveillance by competition agencies, it would be difficult to deny the airlines these powerful marketing tools.

The pricing flexibility created by the CRSS in particular confers considerable benefits on consumers and helps to ensure the maximal use of the economic resources society allocates to air travel.

This becomes obvious by comparing the US system of differentiating seat prices through marketing techniques with the European method, which separates leisure from business travellers by putting them on different planes.

The US system is far superior because it takes advantage of the natural symbiosis between the two types of travellers. By carrying holiday-makers and businessmen together, the US airlines can offer more frequent and convenient scheduled flights to more destinations than their counterparts in Europe.

Airport congestion, however, is a very different matter. The allocation of gates and landing rights is a legitimate public concern, which could be dealt with by holding regular auctions of these natural monopoly assets.

Such auctions would be the biggest step that any government could take to preserve competition in a deregulated air transport system. For Europe particularly, an auction system that put a price on airport rights would be preferable to the alternative solution advocated by the airline lobby - covering the landscape with more and bigger airports.

Of course auctioning airport rights would raise the costs of air travel and, in particular, of the hub and spoke route systems which have exacerbated airport congestion. But that is no objection. Making passengers pay the full social costs of flying would simply be another step towards creating a genuinely efficient free market in air travel.

Philip Stephens on how recent events have changed prospects for the opposition

Politics have returned to Westminster. After an 18-month lull this week's by-elections have reinforced recent movement on the political landscape.

The immediate focus this weekend is on the narrowness of the Government's escape in the Richmond poll — and on the continuing role on the national stage secured by Dr David Owen's SDP with its strong challenge in the constituencies. Yesterday, Dr Owen was elated, while there was little to disguise the gloom among Mr Paddy Ashdown's Social and Liberal Democrats.

The message of Richmond, as with last December's Epping Forest poll, was that for the time being at least, the SLD has little prospect of the by-election breakthrough it desperately needs without an accommodation with Dr Owen. But Mr Ashdown's call yesterday for a new attempt at merger between the two parties came just a matter of minutes after Dr Owen had explicitly ruled out such a move.

It was equally clear that neither Mr Ashdown nor SLD activists in the country are willing to contemplate the looser electoral pact sought by the SDP.

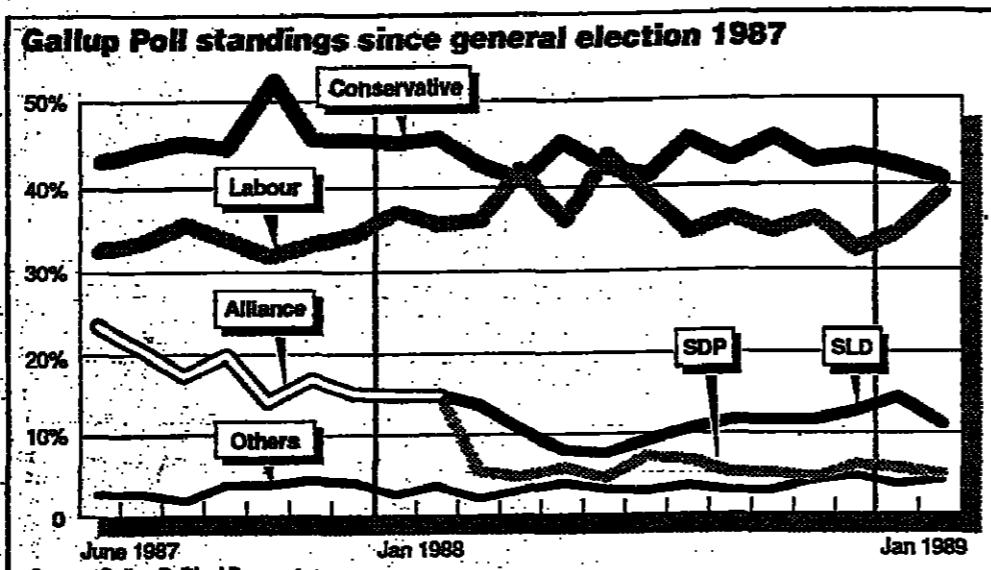
As Mr David Steel, the former Liberal leader, put it earlier this week: "It is all a glorious mess" — with no immediate prospect that either side will make the compromises necessary to clear it up.

That raises the intriguing possibility of Dr Owen edging yet further in the direction of endorsement of Labour as a potential partner for the SDP.

The SDP leader yesterday repeated his view that a "constitutional coalition" including Labour offered the only opportunity of providing an alternative Government to that of Mrs Margaret Thatcher.

But if Friday was undoubtedly Dr Owen's day, the prospect of a continuing war of attrition between the centre parties could well turn the Richmond result into a subplot. More interesting is whether the Government's misfortunes will allow Labour to re-establish itself at last as a serious opposition.

Despite a fall in its share of the vote in its successful defence this week of Pontypool and its poor fourth position at Richmond, Labour's national standing has revived. That, and accumulating grumbles over Mrs Thatcher's policies, has put a small question mark — and as yet no more than that — over the



UK politics become interesting again

apparent inevitability of one-party politics at Westminster.

The contest for the Vale of Glamorgan following the death this week of Sir Raymond Gower, the sitting Conservative MP, will provide a further, and more genuine, test of the public mood. Sir Raymond left a majority of just over 6,000 and the by-election will give Mr Neil Kinnock, the Labour leader, the first real opportunity since 1987 to inflict a defeat on the Government.

That raises the intriguing possibility of Dr Owen edging yet further in the direction of endorsement of Labour as a potential partner for the SDP.

The SDP leader yesterday repeated his view that a "constitutional coalition" including Labour offered the only opportunity of providing an alternative Government to that of Mrs Margaret Thatcher.

But if Friday was undoubtedly Dr Owen's day, the prospect of a continuing war of attrition between the centre parties could well turn the Richmond result into a subplot. More interesting is whether the Government's misfortunes will allow Labour to re-establish itself at last as a serious opposition.

Despite a fall in its share of the vote in its successful defence this week of Pontypool and its poor fourth position at Richmond, Labour's national standing has revived. That, and accumulating grumbles over Mrs Thatcher's policies, has put a small question mark — and as yet no more than that — over the

however, the opposition might expect to be 5 or even 10 points ahead at this stage rather than congratulating itself on being just behind.

That said, Labour believes that the combination of economic uncertainty and the Government's determination to push through unpopular policies provides an opportunity for it to move to the offensive. The strategy centres on exploiting Mrs Thatcher's embarrassment over rising inflation and high interest rates and on emphasising what Labour's private polls indicate is a discernible shift in the public mood.

The first element is based on the belief that for the first time since 1987 the Conservatives' cast-iron reputation for competence looks vulnerable. Voters have never backed Mrs Thatcher because she is compassionate, the argument runs, but they have been convinced of her ability to govern the country effectively and efficiently.

The prospect of still-higher inflation and the possibility that borrowing costs might rise yet again to defend sterling are seen as casting serious doubt over that competence. The Government's clumsy handling of recent scares over food poisoning can be exploited to reinforce the impression.

However, no one is yet talking of a watershed. Labour's recent gains are fragile. They are based on Mr Kinnock's improved personal performances in the Commons and on a couple of opinion polls showing that the Conservative lead has been cut to 2 or 3 points from the 10 typical of the second half of 1988.

In any normal post-Second World War electoral cycle,

much of Labour's own "ideo-

logical baggage".

Some of the shifts are already apparent. Pledges for large-scale re-nationalisation have been abandoned in favour of a policy of re-establishing public control over a handful of key utilities.

Mr John Smith, Labour's shadow Chancellor, is set to propose a tax structure which will include a starting rate of income tax below the 20 per cent target set by the Government and with a top rate of only 50 per cent.

But it is much too early for euphoria. Many senior Labour figures at Westminster privately share Dr Owen's view that it will take more than a handful of attractively-packed policy documents to restore Labour's credibility.

In the crucial area of defence, it remains far from certain that Mr Kinnock will secure sufficient support for a realistic alternative to unilateralism. This week Mr Kinnock dismissed Dr Owen's recent overtures as an irrelevance, but if the newly-confident SDP leader joins with Mrs Thatcher in dismissing what emerges as Labour's new defence policy the damage may be considerable.

Meanwhile, despite yesterday's jolt, Conservative party managers at Westminster are in no mood to be panicked.

They attribute much of the current rumblings on their own backbenches — and in the country — to nervousness about the economy. If Mr Nigel Lawson, the Chancellor, produces a budget package on March 14 that re-establishes confidence that the economy is heading for a "soft landing" then many of the grumbles about other issues may gradually fade away.

Ministers will be reminding nervous backbenchers that they have at least two years to recoup any temporary setbacks during the first half of 1988.

The huge public sector surplus means that Mr Lawson

has ample funds both for tax cuts and for increases in public spending in the immediate run-up to the next election.

That will allow him to soften the impact on the voters' pockets of unpopular measures like the poll tax and water privatisation.

Against that background,

the task faced by the Labour party is immense — and not one that many in the shadow cabinet will honestly claim is yet in sight. What can be said, however, is that for the next few months at least, politics will begin to look interesting again.

Philip Stephens is a political writer.

Letters to the editor

UK COMPANY NEWS

Lack of Third World debt provisions and better earnings result in turnaround

Lloyds Bank returns to the black with £952m

By David Lascelles, Banking Editor

LLOYDS BANK added to the sharply improved trend in UK bank results yesterday with pre-tax profits of £952m. This was a major turnaround from the previous year's £245m loss caused by Third World debt problems.

Lloyds celebrated its re-entry into the black with a 27 per cent increase in the dividend to a total 16.5p for the year. Sir Jeremy Morse, the chairman, described 1988 as "a year of resumed growth in profits and capital strength," though he added a cautionary note about the outlook: "As we enter 1989 we are keeping our weather eye open for the possibility of more difficult economic conditions."

Mr Brian Pitman, the chief executive, said 1988 had also been a good year for Lloyds

shareholders: the combination of a 32 per cent rise in the share price and the dividend gave total return for the year of 41 per cent.

The main factor behind the Lloyds' improved results was the absence of any exceptional provisions for doubtful Third World loans, which absorbed more than £1bn in 1987. All major business divisions also showed better earnings.

UK retail banking produced a profit of £272m, up 23 per cent, on asset growth of 19 per cent, including an increase of £1.1bn or 28 per cent in mortgage lending. Lloyds' operations in estate agency, asset-based finance, insurance and personal banking all did well.

Although competition intensified in the second part of last

year, eating into Lloyds' returns, Sir Jeremy said that domestic business remained "pretty robust". Mr Pitman disclosed that about 7 per cent of Lloyds' personal customers have transferred to the new interest-paying Classic account, and 75,000 new accounts had been opened. He said that far from reducing profits, this development held the promise of profit growth if it attracted new deposits from elsewhere.

On the international side, profits were £76m, up 23 per cent, on asset growth of 19 per cent, including an increase of £1.1bn or 28 per cent in mortgage lending. Lloyds' operations in estate agency, asset-based finance, insurance and personal banking all did well.

UK retail banking produced a profit of £272m, up 23 per cent, on asset growth of 19 per cent, including an increase of £1.1bn or 28 per cent in mortgage lending. Lloyds' operations in estate agency, asset-based finance, insurance and personal banking all did well.

Unlike NatWest and Midland earlier in the week, Lloyds did not capitalise its property



Sir Jeremy Morse: keeping a weather eye open for the possibility of more difficult economic conditions in 1989

revaluations with a bonus scrip issue. Sir Jeremy said his bank had studied this carefully but had decided there was no benefit for shareholders since it would neither increase the share price nor enhance the dividend. At the end of 1988, Lloyds' risk asset ratio, the new internationally agreed measure of bank strength, was 10.1 per cent, of which 5.6 per cent was Tier 1, core, capital. This puts Lloyds below Midland but above NatWest.

Lloyds' ratio of costs to income rose from 63.9 per cent to 65.1 per cent. However Mr Pitman said this was entirely due to the one-off £40m charge made for international restructuring. "I can tell you that we aim to do a lot better than 63.9 per cent," he said.

See Lex

Corporate banking and treasury operations increased profits by 13 per cent to £153m, with a shift towards more sophisticated, fee-earning business. Merchant banking earned £9m compared with a loss of £28m the year before caused by withdrawal from the securities market.

Unlike NatWest and Midland

earlier in the week, Lloyds did not capitalise its property

PWS falls to £1.53m and tells of Ben-Zur's acquisition quest

By Nick Sunker

ACCORDING TO his former colleagues, Mr Ronni Ben-Zur, the young Israeli businessman, had hatched audacious plans in 1988 prior to his abrupt resignation as chief executive of PWS Holdings, to take over US-based Frank B Hall, one of the world's largest insurance brokers.

Mr Malcolm Pearson, chairman of PWS, said yesterday that Mr Ben-Zur also got as far as arranging £220m of finance for a hostile takeover bid, which was never launched, for PWS' fellow Lloyd's insurance broker Hogg Robinson & Gardner Mountain.

The plans illustrated the over-aggressive acquisition strategy which explained PWS' disastrous purchase 12 months ago of GNA, a San Francisco-based insurance services group. Mr Pearson said:

The results are the first since Lloyds sold five of its personal financial services businesses to Abbey Life in return for a 5.6 per cent interest in the life assurance company, in a major diversification move. Sir Jeremy said that some of the two companies were beginning to work together. He believed that the possibilities for selling life insurance were substantial and highly cost effective. He also said the venture would give Lloyds an alternative way of expanding in the European market as the barriers come down for 1992.

Earlier this week NatWest announced profits of 21.4b and Midland of £693m. Barclays Bank is due to report next Thursday.

See Lex

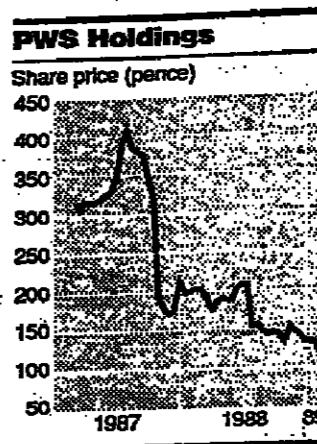
PWS' ratio of costs to income rose from 63.9 per cent to 65.1 per cent. However Mr Pitman said this was entirely due to the one-off £40m charge made for international restructuring. "I can tell you that we aim to do a lot better than 63.9 per cent," he said.

See Lex

Corporate banking and treasury operations increased profits by 13 per cent to £153m, with a shift towards more sophisticated, fee-earning business. Merchant banking earned £9m compared with a loss of £28m the year before caused by withdrawal from the securities market.

Unlike NatWest and Midland

earlier in the week, Lloyds did not capitalise its property



PWS putting 952,000 of its shares into escrow on behalf of the vendors to cover £1.6m still owed to them.

The deal was "very generous", Mr Pearson conceded, but he said PWS did not want to face two years of litigation in California, with legal fees of maybe \$1m and an uncertain outcome. "If it had been an English jurisdiction, we would have fought it," said Mr Pearson, who is still contemplating seeking redress from Ernst & Whitney, the accounting firm which produced a report on

£4.6m earnings per share fall from 23.5p to 3.7p.

PWS' shares plunged 31p to 75p immediately after the results — "largely because it had unexpectedly decided not to recommend a final dividend — before recovering slightly to close at 84p.

PWS said it has abandoned

its efforts to pursue the vendors of GNA through the Californian courts to recover its losses.

Instead, on January 26, it

struck a deal with the vendors in which each side has waived

any legal claims, in return for

plan code-named Acorn, to bid for Hall. At the time Hall, with 1987 gross revenues of about \$386m (£220m), was more than 10 times larger than PWS.

Mr Springfield said Mr Ben-Zur told the committee that he had discussed the deal with Mr Saul Steinberg, Hall's chief executive. "Terms were basically pencilled in, but the ground-rules changed and Mr Ben-Zur withdrew," Mr Springfield said. Then, Mr Ben-Zur came up with the plan to bid for HRGM. "We blackballed it," said Mr Springfield.

● COMMENT

In the cold light of day, the issue of who did what to whom in the PWS debacle matters less than the question of what it can do to recover. The GNA fiasco, and good-will write-offs from Mr Ben-Zur's other purchases, have shrunk shareholders' funds to less than 10 times that amount. The £220m rejections it has provided fully against potential liabilities, whether from GNA or from bad debts on insurance broking accounts; but there is little room for manoeuvre if more skeletons lurk in the closet. That said, the welcome reality now is that PWS has largely shrunk back to the small, generally successful reinsurance-dominated broker which it was before it merged with Mr Ben-Zur's Howard group in 1986. Provided no more skeletons emerge, it has

a fighting chance of attracting a bidder some way down the line, since at some stage the Ben-Zur family will surely wish to sell the 40.5 per cent stake it controls. But for the moment the share price, on a prospective multiple of maybe 17 times earnings, assuming 1989 pre-tax profits of £2m, has no valid reason to go far.

First Tech raises Ricardo offer

By Nikki Tait

THE HOTLY contested takeover battle over Ricardo, the Sussex-based designer of engines and transmissions, moved up a gear yesterday when First Technology raised its offer to £22.7m and attached a cash alternative.

But Ricardo showed no signs of giving up its fight for independence. Its board said that it had "no hesitation in firmly rejecting this offer, which falls far short of reflecting the true value of Ricardo and its excellent prospects".

It added that it would definitely release a full-year profits forecast in due course, and urged shareholders to take no action.

The terms of the revised First Technology offer are either 20 First Technology shares for every 57 Ricardo shares or a £22.7m cash alternative, up to a maximum of £33.75m shares. The US company said it was doing so with a view to maintaining its stake of around 14.7 per cent in First Technology.

Under the new terms, shareholders would also keep Ricardo's 1.35p a share interim dividend.

Yesterday, with First Technology shares up 5p to 445p, the paper alternative valued each Ricardo share at 156p and the entire company at £22.7m under the previous offer. Yesterday, Ricardo shares jumped 7p to 23.02p — just ahead of the cash terms. First Technology said that the revised offer was final.

although it reserved the right to waive this if a rival bidder emerged.

To fund the cash alternative, Barclays de Zoete Wedd is underwriting First Technology shares at 1.35p, and US-based United Technologies has agreed to sub-underwrite the first First Technology shares to be issued to fund the cash alternative, up to a maximum of £33.75m shares. The US company said it was doing so with a view to maintaining its stake of around 14.7 per cent in First Technology.

It added that it would definitely release a full-year profits forecast in due course, and urged shareholders to take no action.

The terms of the revised First Technology offer are either 20 First Technology shares for every 57 Ricardo shares or a £22.7m cash alternative, up to a maximum of £33.75m shares. The US company said it was doing so with a view to maintaining its stake of around 14.7 per cent in First Technology.

Under the new terms, shareholders would also keep Ricardo's 1.35p a share interim dividend.

Yesterday, with First Technology shares up 5p to 445p, the paper alternative valued each Ricardo share at 156p and the entire company at £22.7m under the previous offer. Yesterday, Ricardo shares jumped 7p to 23.02p — just ahead of the cash terms. First Technology said that the revised offer was final.

Newmarket Venture nav falls to 94p

NEWMARKET VENTURE Capital reported that net assets were £33.4m or 94p per share at December 31. At September 28 they stood at £37.1m or £1.04 per share. The reduction was largely attributed to the fall in the US dollar and provisions against two unquoted holdings: Newmarket makes venture

capital investments in the UK and US and underwent a reorganisation in September 1988.

The company said that the profit and loss account reflected deposit and investment income and the running costs of the company, and, as such, was not a guide to its progress. Due to the reorganisation, the company stressed that the figures for 1988 were not comparable with Newmarket Co's 1987 results.

Pre-tax losses for 1988 were £506,000 (£1.01m). Total income was £491,000 (£86,000), with interest on deposits of £13,000 (£19,000). Administrative expenses were £99,000 (£1.1m).

MS Intl makes acquisition for up to £0.95m

MS International, defence and engineering group, has acquired Surrey-based Turner Brothers for a maximum cash consideration of £250,000, of which £150,000 is payable initially. Turner Brothers is a designer and manufacturer of specialist petrol station forecourt equipment for oil companies, and of related products for the water and electricity supply industries. It made pre-tax profits of £223,000 on sales of £835,000 in the year to June.

Kewill makes financial software buy

By Clare Pearson

KEWILL SYSTEMS, the USM-quoted manufacturing software house, is paying about £2.4m to acquire Omicron Management Software, in which tour operator Owners Abroad has disposed of a 47 per cent interest.

The consideration comprises £1m cash and the issue of 600,000 ordinary shares. Omicron made pre-tax profits of £223,000 on sales of £835,000 in the year to June.

Kewill has been Omicron's main dealer for many years, supplying customers with Omicron's financial software in addition to its own manufacturing systems.

It intends to use Omicron's network for its own products and also sees scope for technical collaboration.

Omicron contributed £20,000 to an overall £1.1m loss from associated companies in Owners Abroad's financial results for the year to end-October 1988.

This is the third acquisition in the last 15 months by Kewill, which achieved pre-tax profits of £726,000 on turnover of £5.41m in the half-year to end-September. It follows the November 1987 purchase of Trifid, another specialist in manufacturing control software, and last November's acquisition of Ketal Systems, the supplier of specialist software for garment manufacturers.

SGT proposals are 'uncertain and inadequate'

By Nikki Tait

BRITISH EMPIRE SECURITIES, the investment trust which is waging a £100m bid battle for the larger Schroder Global Trust, yesterday hit back at its target's rival reorganisation scheme, claiming that these proposals were "uncertain and inadequate".

In a letter to shareholders, BES says that it considers the uncertainties attached to the cost and marketability of the Luxembourg-based unitisation only serve to emphasise the certainty of British Empire's offer.

Among its objections, BES says that the "conditional counter-proposals contain no statement of the value receivable in cash", although Lazard, advising SGT, yesterday made clear that shareholders could expect to receive at least 98 per cent of net asset value if they wished to exit for cash.

Peel/London Shop

Peel Holdings has raised its cash bid for the preference shares of fellow property group London Shop from 80p to 100p, and declared it unconditional.

Peel now speaks for 98.7 per cent of the preference shares after buying about 11.6 per cent from a single institution which had been holding out for a higher price.

Rank in US caravan site expansion

By Clare Pearson

RANK ORGANISATION, the leisure and entertainment group, is planning a substantial expansion of the caravan site operations in the US it acquired with Ahnert Enterprises a year ago.

Rank announced yesterday it had exchanged letters of intent with San Jacinto, the savings and loans subsidiary of Southmark Corporation, a debt-laden US real estate and financial services company, to buy its

caravan site operations in the US. The effects of the price war continued to affect MBS's PC dealer business, although there was some recovery in November and December.

In September it announced a restructuring programme under which 55 people were made redundant, chiefly from middle management. The cutbacks followed an expansion of the company's infrastructure in anticipation of a substantial increase in sales.

SHARE STAKES

Changes in company share stakes recently announced include:

- Astra Holdings** — Machine Tool Works has sold 3.35m shares reducing holding to 13.2m (4.44 per cent).
- Baillie Gifford** — Confederation Life disposed of 2m shares (12.8 per cent). Registered holder was Midland Bank Nominees.
- Beckham Group** — C W Egerton, director, is interested in additional 1.38m ordinary following conversion of 125,000 of 4 per cent preference shares; he has also sold 700,000 ordinary at 106.875p. J W Howard is interested in a further 825,000 ordinary on conversion of 75,000 4 per cent preference; he has also sold 100,000 ordinary at 106.875p.
- Bett Brothers** — John Govett, on behalf of a client under discretionary investment management, holds 3.66m (24.39 per cent).
- Brenner** — Mr Dennis McGuinness, chairman, bought 45,000 shares and increased his holding to 1.48m (12.7 per cent). He is the largest individual shareholder.
- Burns-Anderson Group** — Family Assurance Society is now interested in 2.24m (7.99 per cent) with the acquisition of 741,827 ordinary.
- Chapman Industries** — Munksgaard AB bought a further 260,000 shares at 425p each; the holding is now 1.17m (26.95 per cent).
- Chillington Corporation** — CDFC Trust has lifted its hold

ing and now has 1.4m (6.65 per cent).

Courts (Furnishers) — Scottish Amicable Investment Managers has bought 300,000, increasing holding to 2.15m (8.8 per cent).

FINANCIAL TIMES SATURDAY FEBRUARY 25 1989

MARKET STATISTICS

ECONOMIC DIARY

TODAY: Flanna Fait, annual conference in Dublin (until February 29). Mr George Bush, President of the US, pays two-day visit to China.

MONDAY: French industrial figures (January). British and French governments' leaders meet in Paris. Mr. Bush visits Seoul during his return to Washington from Tokyo and Peking. European Community foreign ministers and their representatives meet Central American colleagues in Honduras to discuss economic aid to "progressive" countries and redemptions (February). European Community environmental council meets in Brussels. US single family home sales (January). Hong Kong budget. The Economic holds conference on 1982 and beyond - "Practical issues in the use of human resources and management development issues". At the Hyatt Regency Hotel in Brussels (until March 3). Royal Dutch Shell directors' annual convention at Royal Albert Hall, London; speakers include Mr Kenneth Clarke, Professor Roland Smith and Mr Alistair Morton. Deadline for settling of "abuse territorial" dispute, the Socialist Alliance, meets to discuss the country's economic situation. Unilever publishes preliminary figures. STC results.

TUESDAY: New vehicle registrations (January). US GNP (fourth quarter) (first revision); merchant and travel balance of payments (fourth quarter); leading indicators (December); investment in fixed assets. Barclays Bank, Royal Insurance and Cadbury Schweppes publish preliminary figures. Japanese balance of payments figures, Japanese consumer price index. West German inflation rate. Unilever publishes preliminary figures. STC results.

WEDNESDAY: London sterling certificates of deposit (January). Bill turnover statistics (January).

BANK RETURN

BANCING DEPARTMENT
Wednesday, February 22, 1989 Increase or decrease for week

LIABILITIES	2	.2
Capital	14,355,000	
Public Deposits	56,110,468	
Bankers Deposits	14,111,993	
Reserve and other Accounts	1,260,585,515	
	2,624,630	
	1,792,900,218	
	2,765,121	
TOTAL VOLUME IN CONTRACTS:	56,021	
A-Adv B-BM C-Call F-Fut		

3,159,140,229 - 46,191,683

ASSETS		
Government Securities	743,832,061	+
Advances and other Accounts	821,205,410	
Premises Equipment & other Secs	1,768,856,658	+
Notes & Co	4,420,713	
Coin	224,327	
	3,158,140,229	- 46,191,683

RESERVE DEPARTMENT

LIABILITIES

Notes in circulation

14,125,578,267 - 14,073,000

Notes in Banking Department

4,420,713 - 6,926,940

14,130,000,000 - 20,000,000

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres. to last dividend	Total for year	Total
Abbey Life	fin 24.5%	May 27	7.25	28.40	10.25
British Assets	off 0.775	Apr 7	0.625	-	2.7
Lloyd's Bank	fin 11.31%	May 8	3.6	16.8	13.2
PWS Holdings	fin null		7	3.5	10.5
Sheldon Jones S	int 1.35		1.35	-	4.05
Util Plantations	fin 5%	Jun 12	1.25	5	3.75
Vantage Secs	fin 2.4		2	3	2.5

Dividends shown per share, not except where otherwise stated. Dividends after allowing for stock options. (1) Capital increased by rights and/or acquisition issues. (2) SISIM stock options. (3) FTN market. Includes 1987 special payment. (4) Current cash option. (5) South African Secs.

LONDON RECENT ISSUES

Issue No.	Amount £m	Issue Date	Issue Price						
1	125	2/2	100	2/2	100	2/2	100	2/2	100
2	125	2/2	100	2/2	100	2/2	100	2/2	100
3	250	2/2	100	2/2	100	2/2	100	2/2	100
4	125	2/2	100	2/2	100	2/2	100	2/2	100
5	125	2/2	100	2/2	100	2/2	100	2/2	100
6	125	2/2	100	2/2	100	2/2	100	2/2	100
7	125	2/2	100	2/2	100	2/2	100	2/2	100
8	125	2/2	100	2/2	100	2/2	100	2/2	100
9	125	2/2	100	2/2	100	2/2	100	2/2	100
10	125	2/2	100	2/2	100	2/2	100	2/2	100
11	125	2/2	100	2/2	100	2/2	100	2/2	100
12	125	2/2	100	2/2	100	2/2	100	2/2	100
13	125	2/2	100	2/2	100	2/2	100	2/2	100
14	125	2/2	100	2/2	100	2/2	100	2/2	100
15	125	2/2	100	2/2	100	2/2	100	2/2	100
16	125	2/2	100	2/2	100	2/2	100	2/2	100
17	125	2/2	100	2/2	100	2/2	100	2/2	100
18	125	2/2	100	2/2	100	2/2	100	2/2	100
19	125	2/2	100	2/2	100	2/2	100	2/2	100
20	125	2/2	100	2/2	100	2/2	100	2/2	100
21	125	2/2	100	2/2	100	2/2	100	2/2	100
22	125	2/2	100	2/2	100	2/2	100	2/2	100
23	125	2/2	100	2/2	100	2/2	100	2/2	100
24	125	2/2	100	2/2	100	2/2	100	2/2	100
25	125	2/2	100	2/2	100	2/2	100	2/2	100
26	125	2/2	100	2/2	100	2/2	100	2/2	100
27	125	2/2	100	2/2	100	2/2	100	2/2	100
28	125	2/2	100	2/2	100	2/2	100	2/2	100
29	125	2/2	100	2/2	100	2/2	100	2/2	100
30	125	2/2	100	2/2	100	2/2	100	2/2	100
31	125	2/2	100	2/2	100	2/2	100	2/2	100
32	125	2/2	100	2/2	100	2/2	100	2/2	100
33	125	2/2	100	2/2	100	2/2	100	2/2	100
34	125	2/2	100	2/2	100	2/2	100	2/2	100
35	125	2/2	100	2/2	100	2/2	100	2/2	100
36	125	2/2	100	2/2	100	2/2	100	2/2	100
37	125	2/2	100	2/2	100	2/2	100	2/2	100
38	125	2/2	100	2/2	100	2/2	100	2/2	100
39	125	2/2	100	2/2	100	2/2	100	2/2	100
40	125	2/2	100	2/2	100	2/2	100	2/2	100
41	125	2/2	100	2/2	100	2/2	100	2/2	100
42	125	2/2	100	2/2	100	2/2	100	2/2	100
43	125	2/2	100	2/2	100	2/2	100	2/2	100
44	125	2/2	100	2/2	100	2/2	100	2/2	100
45	125	2/2	100	2/2	100	2/2	100	2/2	100
46	125	2/2	100	2/2	100	2/2	100	2/2	100
47	125	2/2	100	2/2	100	2/2	100	2/2	100
48	125	2/2	100	2/2	100	2/2	100	2/2	100
49	125	2/2	100	2/2	100	2/2	100	2/2	100
50	125	2/2	100	2/2	100	2/2	100	2/2	100
51	125	2/2	100	2/2	100	2/2	100	2/2	100
52	125	2/2	100	2/2	100	2/2	100	2/2	100
53	125	2/2	100	2/2	100	2/2	100	2/2	100
54	125	2/2	100	2/2	100	2/2	100	2/2</	

INTERNATIONAL COMPANIES AND FINANCE

Getty heir in \$2.18bn offer for Emhart

By James Buchan

EMHART, the US industrial and consumer products group best known for its Bostik adhesives and True Temper golf shafts, has received a \$2.18bn takeover offer from an investment partnership that includes Mr Gordon Getty, the chief heir to the Getty oil fortune.

Topper Acquisition, a partnership of Mr Getty and the Fisher real estate family of New York, announced on Thursday it would offer \$73 a share in cash for Emhart.

Emhart said yesterday it would carefully study the offer, but Wall Street investors predicted a vigorous auction for the Connecticut company.

Emhart stock was yesterday trading far above the \$35-a-share offer from the investment partnership as Wall Street anticipated counter-offers by Emhart's management or other companies. In mid-afternoon trading, the shares were quoted at \$40, up \$7.4.

Mr Peter Scott, chairman of Emhart, said yesterday: "We are confident that Emhart is a strong company with a tremendous future." He urged stockholders not to tender shares to the investment partnership until management had studied the offer.

The Topper partnership said it wanted a friendly deal, which would maintain Mr Scott's management in place, but dispose of some businesses. But Topper also warned that it might seek shareholders' support as a proxy fight for control of the company.

Emhart's basic business is in such down-to-earth items as door locks and fastening systems, but it has also expanded into computer consulting and has a strong consumer operation.

The company, which grew only modestly for most of the 1980s, enjoyed an exceptional year in 1988 with revenues of \$2.76bn and net income of \$125m.

Mr Getty, a son of Getty Oil's founder, J. Paul Getty, is known as a passionate musician. Amid disputes with other of J. Paul's heirs, Mr Getty precipitated the sale of the family company to Texaco in early 1984. The Fishers own a number of Manhattan office buildings.

• Allegheny International, the US struggling US conglomerate, has signed a definitive merger agreement under which a unit of Donaldson, Lufkin and Jenrette, the US brokerage, will acquire majority ownership of the company. The merger will allow Allegheny to emerge from Chapter 11 of the US Bankruptcy Code.

Ashok Leyland gears up to expand model range

David Housego takes a look at an Indian bus and truck manufacturer's capital spending plans

With the announcement this week by Ashok Leyland, the Indian bus and truck manufacturer, that it is stepping up sharply its capital spending, the veil begins to lift on the strategy of the wealthy Hindujas trading group for establishing an industrial conglomerate in India.

Until it was recently taken over by the Hindujas and Iveco, the Fiat truck subsidiary, Ashok Leyland was a slow-growing, cautiously managed engineering group, one of whose major assets was its skilled and disciplined workforce. It suffered from inadequate investment and from being in a market for medium and heavy vehicles that grew well below expectations.

The decision by the British Rover group to pull out in 1987 and sell its 39 per cent stake was a recognition that it could do no more for the company.

The takeover by the Hindujas and Iveco brought two immediate advantages. The Hindujas, as non-resident Indians with their fortune built up in trading, want to become a production platform for Iveco, with the eventual aim of selling vehicles back to the inner circle of Mr Rajiv Gandhi, the Prime Minister.

Mr Ashok Hindujia, who heads the family's operations in India, says the first priority is to bring Ashok Leyland's products up to international standard. The Hindujas, who up to now have no manufacturing experience in India, want to be known as producers of goods that are internationally competitive.

Beyond that, the family's industrial ambitions are extensive. They see Ashok Leyland as the cornerstone of an investment in the transport sector that could extend into cars and two-wheelers, and into hovercraft, ship and air services.

In a power generation, they have signed a memorandum of understanding with Bechtel, the US construction and engineering group, to build and operate power stations in India, in the belief that the private sector will increasingly move into this field.

In telecommunications, they are seeking a joint venture with a foreign partner — prob-



Ram Shahaney: sees sales growing 15 per cent a year

ably Alcatel, the French group — if the Government should decide to enlarge its role as a supplier of digital switching systems for main exchanges.

Apart from their ample foreign exchange funds, the other advantage the Hindujas have, in a country where influence remains a major factor in winning contracts, is their access to the inner circle of Mr Rajiv Gandhi, the Prime Minister.

In terms of day-to-day management at Ashok Leyland, the family has been taking a back seat. Mr Ashok Hindujia says the family are "very happy" with the existing management and are giving them "a free hand and full support."

Mr Shahaney, who represents continuity in the company, gives a more cautious view of its ambitions, saying: "Corporate strategy is to concentrate on the business we are in." He says that to be a car producer requires an output of "at least 100,000 cars a year to make commercial sense."

He sees turnover growing in real terms at 12 to 15 per cent a year on 1988's reported Rs5.3bn. With the need for heavy investment over the next five years, he says that "profit should not be the only consideration." He expects financial charges as a percentage of turnover to rise above the current level of 3.5 per cent.

The sharp increase in turnover and profits last year —

turnover rose by 32 per cent and pre-tax profits doubled to Rs205m — was mainly due to the strong rise in domestic demand for medium and heavy vehicles.

Ashok Leyland's market share rose, however, by only 1 per cent. But the fruits of the new co-operation with the Hindujas and Iveco are already being felt.

Increased investment will permit an accelerated introduction of the popular Fino engine to the group's vehicles. Ashok Leyland is negotiating with the Russians to build the engine for fitting to a Soviet-made chassis in the Soviet Union.

It also expects that the Hindujas' experience in counter-trade will help increase exports to Asia, Africa and the Middle East. But the big breakthrough would come if it could develop as a production platform for Iveco sales in Europe and elsewhere. Such a leap is dependent not only on Ashok Leyland's own competitiveness but on its absorbing some of the additional load of the high-cost Indian economy.

UBS ahead despite increase in provisions

By John Wicks in Zurich

NET PROFITS at Union Bank of Switzerland rose by 3.4 per cent last year to a record SFr778.3m (\$502.1m) despite a 7.4 per cent increase in depreciation and provisions to SFr763.2m.

At its April 13 annual general meeting, the Zurich bank, Switzerland's biggest, is to propose unchanged dividends of SFr1.120 per registered share and SFr1.30 per participation certificate, and a sum of SFr265m to be transferred to reserves.

Within last year's total revenue of SFr10.34bn, UBS says the decline in commission income remained "within relatively narrow limits" at 5.3 per cent to a net SFr1.5m. At the same time, net interest earnings increased 9.9 per cent to SFr1.7bn, due to larger volumes of business and favourable exchange rates.

Elsewhere, currency and precious metals trading income jumped 12.7 per cent to a record SFr1.74m, while that from securities went up 6.5 per cent to SFr465m and from permanent holdings by 3 per cent to SFr72.5m.

According to Mr Robert Stauder, the executive board president, the increase in "losses, depreciation and provisions" to SFr763m was due almost entirely to contingency provisions for loan and transfer risks and depreciation on investments in the bank's infrastructure.

Provisions for transfer and country risks were, he said, already above those required by the Federal Banking Commission for the end of 1989.

Mr Stauder stressed that UBS had not mobilised any hidden reserves to help offset losses resulting from the stock market crash. This follows claims made by Mr Kurt Haury, the Banking Commission director, that big banks had been among those which had taken steps of this kind.

Following the substantial expansion of business operations, particularly in London, New York and Tokyo, Mr Stauder said the bank expected corresponding investments to "start paying off in full in the next few years."

Referring to the recently disclosed losses of the London subsidiary Phillips and Drew, he said it would come as no surprise that the "earning situation at some of our subsidiaries is not yet satisfactory."

The balance sheet total increased by only 3.8 per cent last year from SFr160.4bn to SFr166.3bn. This was the smallest absolute growth rate since 1979 and would have represented a rise of only 0.9 per cent had the dollar exchange rates remained unchanged.

Saab-Scania profits hit by strike

By Robert Taylor in Stockholm

SAAB-SCANIA, the Swedish automotive and aerospace group, suffered an 11 per cent drop in pre-tax profits last year from Skr3.6bn (\$326m) to Skr3.2bn.

However, the board proposes to raise the annual dividend to Skr7.75 a share from Skr6.75 in 1987.

Consolidated sales rose 2.5 per cent from Skr41.4bn to Skr43.5bn last year.

Mr Georg Karnsund, president and chief executive, said the results were "proof" of Saab-Scania's strength. The decline in profits compared with 1987 was due in part to the national white-collar strike early in 1988 which cost the company Skr750m in lost production.

The company also cited

development costs on the JAS 39 Gripen aircraft and the lower value of the dollar that affected car sales in the US.

"Our earnings must be seen in relation to the fact that we are in an expansive phase both in cars and aircraft," said Mr Karnsund. "The group has not had debt and its income after taxes paid increased by 8 per cent."

Saab's big success continues to be its booming Scania trucks division, which boosted 1988 profits by 16 per cent from Skr2.9bn to Skr3.4bn. Unit sales rose from 30,573 in 1987 to 31,549, with 9.7 per cent sold abroad, mainly in western Europe and Brazil. Sales rose in the US though sales rose in western Europe. The total number of cars sold was

116,288, compared with 131,320 in 1987.

The aircraft division continues to pose financial problems for the company, mainly due to the difficulties with the JAS 39 Gripen project. Losses in the division rose from Skr4.3m in 1987 to Skr4.8m last year. Sales fell to Skr4.06bn from Skr4.44bn.

Mr Karnsund announced a management shake-up in the company yesterday.

Mr Ingvar Eriksson is to retire on health grounds from being general manager of the Scania division, a post he has held since 1972.

He is to be replaced by the 44-year-old Mr Leif Oestling.

Mr Jan-Erik Larsson, 53, has been appointed general manager for the car division.

Mr Karnsund said the company intended to extend its production capacity by 50 per cent for trucks over the next few years through a Skr1bn investment programme.

In a study of the company published last week Svenska Handelsbanken believed Scania was "capable of improving its profits considerably by means of large volume increases in 1989, in a market where there are very good prospects of obtaining high margins."

In contrast, the car division recorded a sharp decline in its profits last year — down from Skr72m to Skr1.1m. This was mainly due to a 17 per cent decline in demand for Saab cars in the US though sales rose in western Europe. The total number of cars sold was

116,288, compared with 131,320 in 1987.

The aircraft division continues to pose financial problems for the company, mainly due to the difficulties with the JAS 39 Gripen project. Losses in the division rose from Skr4.3m in 1987 to Skr4.8m last year. Sales fell to Skr4.06bn from Skr4.44bn.

Mr Ingvar Eriksson is to retire on health grounds from being general manager of the Scania division, a post he has held since 1972.

He is to be replaced by the 44-year-old Mr Leif Oestling.

Mr Jan-Erik Larsson, 53, has been appointed general manager for the car division.

Mr Karnsund said the company intended to extend its production capacity by 50 per cent for trucks over the next few years through a Skr1bn investment programme.

In a study of the company published last week Svenska Handelsbanken believed Scania was "capable of improving its profits considerably by means of large volume increases in 1989, in a market where there are very good prospects of obtaining high margins."

In contrast, the car division recorded a sharp decline in its profits last year — down from Skr72m to Skr1.1m. This was mainly due to a 17 per cent decline in demand for Saab cars in the US though sales rose in western Europe. The total number of cars sold was

116,288, compared with 131,320 in 1987.

The aircraft division continues to pose financial problems for the company, mainly due to the difficulties with the JAS 39 Gripen project. Losses in the division rose from Skr4.3m in 1987 to Skr4.8m last year. Sales fell to Skr4.06bn from Skr4.44bn.

Mr Ingvar Eriksson is to retire on health grounds from being general manager of the Scania division, a post he has held since 1972.

He is to be replaced by the 44-year-old Mr Leif Oestling.

Mr Jan-Erik Larsson, 53, has been appointed general manager for the car division.

Mr Karnsund said the company intended to extend its production capacity by 50 per cent for trucks over the next few years through a Skr1bn investment programme.

In a study of the company published last week Svenska Handelsbanken believed Scania was "capable of improving its profits considerably by means of large volume increases in 1989, in a market where there are very good prospects of obtaining high margins."

In contrast, the car division recorded a sharp decline in its profits last year — down from Skr72m to Skr1.1m. This was mainly due to a 17 per cent decline in demand for Saab cars in the US though sales rose in western Europe. The total number of cars sold was

116,288, compared with 131,320 in 1987.

The aircraft division continues to pose financial problems for the company, mainly due to the difficulties with the JAS 39 Gripen project. Losses in the division rose from Skr4.3m in 1987 to Skr4.8m last year. Sales fell to Skr4.06bn from Skr4.44bn.

Mr Ingvar Eriksson is to retire on health grounds from being general manager of the Scania division, a post he has held since 1972.

He is to be replaced by the 44-year-old Mr Leif Oestling.

Mr Jan-Erik Larsson, 53, has been appointed general manager for the car division.

Mr Karnsund said the company intended to extend its production capacity by 50 per cent for trucks over the next few years through a Skr1bn investment programme.

In a study of the company published last week Svenska Handelsbanken believed Scania was "capable of improving its profits considerably by means of large volume increases in 1989, in a market where there are very good prospects of obtaining high margins."

In contrast, the car division recorded a sharp decline in its profits last year — down from Skr72m to Skr1.1m. This was mainly due to a 17 per cent decline in demand for Saab cars in the US though sales rose in western Europe. The total number of cars sold was

116,288, compared with 131,320 in 1987.

The aircraft division continues to pose financial problems for the company, mainly due to the difficulties with the JAS 39 Gripen project. Losses in the division rose from Skr4.3m in 1987 to Skr4.8m last year. Sales fell to Skr4.06bn from Skr4.44bn.

Mr Ingvar Eriksson is to retire on health grounds from being general manager of the Scania division, a post he has held since 1972.

He is to be replaced by the 44-year-old Mr Leif Oestling.

Mr Jan-Erik Larsson, 53, has been appointed general manager for the car division.

Mr Karnsund said the company intended to extend its production capacity by 50 per cent for trucks over the next few years through a Skr1bn investment programme.

In a study of the company published last week Svenska Handelsbanken believed Scania was "capable of improving its profits considerably by means of large volume increases in 1989, in a market where there are very good prospects of obtaining high margins."

In contrast, the car division recorded a sharp decline in its profits last year — down from Skr72m to Skr1.1m. This was mainly due to a 17 per cent decline in demand for Saab cars in the US though sales rose in western Europe. The total number of cars sold was

116,288, compared with 131,320 in 1987.

The aircraft division continues to pose financial problems for the company, mainly due to the difficulties with the JAS 39 Gripen project. Losses in the division rose from Skr4.3m in 1987 to Skr4.8m last year. Sales fell to Skr4.06bn from Skr4.44bn.

Mr Ingvar Eriksson is to retire on health grounds from being general manager of the Scania division, a post he has held since 1972.

He is to be replaced by the 44-year-old Mr Leif Oestling.

Mr Jan-Erik Larsson, 53, has been appointed general manager for the car division.

Mr Karnsund said the company intended to extend its production capacity by 50 per cent for trucks over the next few years through a Skr1bn investment programme.

UBS after
despite
increase
provisions

INTL. COMPANIES

Forestry and paper
business helps 55%
rise at NHB Peko

By Chris Sherwell in Sydney

NORTH BROKEN HILL Peko, the Australian mining and forest products group, yesterday reported equity-accounted net profits of A\$62.3m (US\$31.5m) for the six months to December, up 55 per cent on the same period of 1987 and in line with expectations.

The figures reflect the acquisition by North Broken Hill last February of Peko-Waliland, and the creation with CRA, another major resources group, of Pasmicno, a joint venture holding the two companies' large lead, zinc and silver interests.

The earnings, therefore include equity-accounted profits from Pasmicno of A\$22.4m, on top of A\$40.1m in net operating profits from the group's paper and forestry businesses, its mining and industrial activities (which include the Robe River ore mine) and subsidiaries such as ERA, the uranium miner.

Sales revenues showed a similar overall increase of 54 per cent to reach A\$84.4m, while a string of asset sales

a controlling stake in Peko Oil to Santos, and various assets sold to Elders Resources produced additional extraordinary profits of A\$26.5m (US\$13.5m) for the six months to December, up 55 per cent on the same period of 1987 and in line with expectations.

The figures reflect the acquisition by North Broken Hill last February of Peko-Waliland, and the creation with CRA, another major resources group, of Pasmicno, a joint venture holding the two companies' large lead, zinc and silver interests.

The earnings, therefore include equity-accounted profits from Pasmicno of A\$22.4m, on top of A\$40.1m in net operating profits from the group's paper and forestry businesses, its mining and industrial activities (which include the Robe River ore mine) and subsidiaries such as ERA, the uranium miner.

Sales revenues showed a similar overall increase of 54 per cent to reach A\$84.4m, while a string of asset sales

which would only add substance to the possibility of an interest rate spiral, something that central banks appear keen to avoid.

The dollar closed at

FOREIGN EXCHANGES

Pressure on pound and dollar

FEARS ABOUT rising inflation prompted a half point rise in the US discount rate yesterday to 7 per cent. At the same time, major banks continued the move started late on Thursday by increasing prime rates to 11 1/4 per cent.

The market's immediate reaction to the discount rate rise was to sell the dollar. The increase was regarded as a supportive move, but many investors were more interested in taking profits. This pushed the US unit down from DM1.8290 just before the announcement to around around DM1.8290. Thereafter, the dollar showed signs of a gentle recovery.

The impact of the rise was rather muted. Most traders saw the increase as a belated endorsement of a rise in interest rates that has already happened in the market place. Furthermore, there is underlying concern about a further rise in West German interest rates.

E IN NEW YORK

Overall profit before interest and tax rose sharply to A\$141m from A\$83m, but this was offset by a rise in interest payments on borrowings from A\$7m to A\$55m, springing from the purchase of Peko-Waliland.

Directors declared a fully-franked dividend of five Australian cents a share and a special fully-franked dividend of six cents.

In a separate announcement the group made an offer to purchase the 37 per cent of shares in the loss-making Norgold gold operation which it does not already own.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

Forward premium and discount apply to the US dollar.

WORLD STOCK MARKETS

AMERICA

Dow plunges on Fed Reserve move

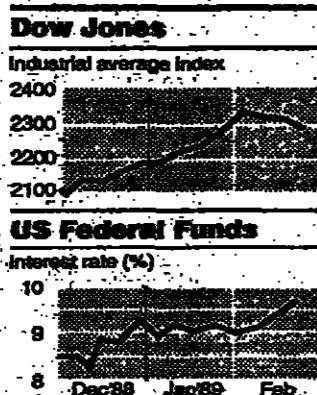
Wall Street

HAMMERED by higher interest rates, Wall Street stocks fell sharply yesterday, extending the steep slide that began in mid-week, writes *Robert Orme* from New York.

The latest decline was triggered by the Federal Reserve Board's increase in the Fed Funds rate on Thursday and the discount rate yesterday. More banks joined the move to raise their prime lending rates by half a percentage point to 11.5 per cent, initiated by Chase Manhattan late on Thursday to reflect the higher cost of funds.

The discount rate increase to 7 per cent was widely expected although the markets had thought the Fed would have raised it a full point not just half. The increase had little symbolic value since the Fed Funds rate has overtaken it as the key tool for guiding interest rates.

Stocks and bonds fell in response to the higher rates, though the dollar also fell, indicating the foreign



the Dow has lost this week, fully one-third of the gains it had made since the beginning of the year. Analysts say the markets have undergone a major change in psychology this week with investors becoming very concerned about inflation and increasingly doubtful the Fed is responding energetically enough to it.

Interest rate sensitive stocks such as banks and insurers fell in the wake of higher interest rates. Citicorp lost \$2 to \$254, Chase Manhattan gave up \$2 to \$31. BankAmerica lost \$2 to \$207. Aetna lost \$2 to \$49 and Citgo gave up \$2 to \$292.

Emhart jumped \$7 to \$207 and was the most active NYSE issue. The diversified group, which makes building hardware, machinery and other products, received a \$35 a share \$2.15m takeover offer from a limited partnership formed by the Fisher real estate family and Mr Gordon Getty. Analysts are expecting a fight, valuing the group at closer to \$45-\$47 a share.

exchange markets are nervous about whether the Fed has a firm grip on inflation.

At 2pm the Dow Jones Industrial Average was off 32.14 at 2,357.32, close to its morning low. Broader market indices followed a similar trend. New York Stock Exchange volume was moderately heavy at around 12m shares by early afternoon.

The decline extended to more than 60 points the ground

West Point-Pepperell slipped \$1 to \$377. The market believes it highly unlikely anybody will mount a counter-bid to the \$38 a share offer the textiles manufacturer accepted on Thursday from Mr William Farley, the Chicago industrialist, ending a four-month fight to remain independent.

New World Entertainment rose \$2 to \$35. The film producer and distributor agreed to a package of cash and notes worth \$3.25 a share from Paine Entertainment.

For the moment, the conventional wisdom is working.

Standing aloof from government becomes all the rage in Madrid

The market has so far survived weighty blows, writes Peter Bruce

MADRID will not have been the first stock market to prove that the panic was overdone.

Then earlier this week, January inflation figures showed a 1 per cent rise in the Consumer Price Index, virtually destroying any chance of holding inflation to 3 per cent for the year. Prices actually rose a touch after hours, although the wait for the figures had taken its toll with a 2 per cent drop in the previous week.

Spain, for the moment anyway, is showing its strength.

Companies are flush with cash and the banks, wallowing in

new money raised in the market in the whole of last year, and take a lot of absorbing.

Any other disruptive activity, suggests Mr Gomez Montijo, will probably be limited to the foods sector, where mergers are possible. Engineering group CAF, which has won an important subcontracting role in the building of high speed trains for the national railway, may also find itself courted.

For the moment, the conventional wisdom is working.

Two years this year the market has

survived weighty blows, writes Peter Bruce

was released but rose the following session on the belief that the panic was overdone.

Then earlier this week, January inflation figures showed a 1 per cent rise in the Consumer

Price Index, virtually destroying any chance of holding inflation to 3 per cent for the year. Prices actually rose a

touch after hours, although the wait for the figures had taken

its toll with a 2 per cent drop in the previous week.

Spain, for the moment anyway, is showing its strength. Companies are flush with cash and the banks, wallowing in

new money raised in the market in the whole of last year, and take a lot of absorbing.

Any other disruptive activity, suggests Mr Gomez Montijo, will probably be limited to the foods sector, where mergers are possible. Engineering group CAF, which has won an important subcontracting role in the building of high speed

trains for the national railway, may also find itself courted.

For the moment, the conventional wisdom is working.

Two years this year the market has

survived weighty blows, writes Peter Bruce

was released but rose the following session on the belief that the panic was overdone.

Then earlier this week, January inflation figures showed a 1 per cent rise in the Consumer

Price Index, virtually destroying any chance of holding inflation to 3 per cent for the year. Prices actually rose a

touch after hours, although the wait for the figures had taken

its toll with a 2 per cent drop in the previous week.

Spain, for the moment anyway, is showing its strength.

Companies are flush with cash and the banks, wallowing in

new money raised in the market in the whole of last year, and take a lot of absorbing.

Any other disruptive activity, suggests Mr Gomez Montijo, will probably be limited to the foods sector, where mergers are possible. Engineering group CAF, which has won an important subcontracting role in the building of high speed

trains for the national railway, may also find itself courted.

For the moment, the conventional wisdom is working.

Two years this year the market has

survived weighty blows, writes Peter Bruce

was released but rose the following session on the belief that the panic was overdone.

Then earlier this week, January inflation figures showed a 1 per cent rise in the Consumer

Price Index, virtually destroying any chance of holding inflation to 3 per cent for the year. Prices actually rose a

touch after hours, although the wait for the figures had taken

its toll with a 2 per cent drop in the previous week.

Spain, for the moment anyway, is showing its strength.

Companies are flush with cash and the banks, wallowing in

new money raised in the market in the whole of last year, and take a lot of absorbing.

Any other disruptive activity, suggests Mr Gomez Montijo, will probably be limited to the foods sector, where mergers are possible. Engineering group CAF, which has won an important subcontracting role in the building of high speed

trains for the national railway, may also find itself courted.

For the moment, the conventional wisdom is working.

Two years this year the market has

survived weighty blows, writes Peter Bruce

was released but rose the following session on the belief that the panic was overdone.

Then earlier this week, January inflation figures showed a 1 per cent rise in the Consumer

Price Index, virtually destroying any chance of holding inflation to 3 per cent for the year. Prices actually rose a

touch after hours, although the wait for the figures had taken

its toll with a 2 per cent drop in the previous week.

Spain, for the moment anyway, is showing its strength.

Companies are flush with cash and the banks, wallowing in

new money raised in the market in the whole of last year, and take a lot of absorbing.

Any other disruptive activity, suggests Mr Gomez Montijo, will probably be limited to the foods sector, where mergers are possible. Engineering group CAF, which has won an important subcontracting role in the building of high speed

trains for the national railway, may also find itself courted.

For the moment, the conventional wisdom is working.

Two years this year the market has

survived weighty blows, writes Peter Bruce

was released but rose the following session on the belief that the panic was overdone.

Then earlier this week, January inflation figures showed a 1 per cent rise in the Consumer

Price Index, virtually destroying any chance of holding inflation to 3 per cent for the year. Prices actually rose a

touch after hours, although the wait for the figures had taken

its toll with a 2 per cent drop in the previous week.

Spain, for the moment anyway, is showing its strength.

Companies are flush with cash and the banks, wallowing in

new money raised in the market in the whole of last year, and take a lot of absorbing.

Any other disruptive activity, suggests Mr Gomez Montijo, will probably be limited to the foods sector, where mergers are possible. Engineering group CAF, which has won an important subcontracting role in the building of high speed

trains for the national railway, may also find itself courted.

For the moment, the conventional wisdom is working.

Two years this year the market has

survived weighty blows, writes Peter Bruce

was released but rose the following session on the belief that the panic was overdone.

Then earlier this week, January inflation figures showed a 1 per cent rise in the Consumer

Price Index, virtually destroying any chance of holding inflation to 3 per cent for the year. Prices actually rose a

touch after hours, although the wait for the figures had taken

its toll with a 2 per cent drop in the previous week.

Spain, for the moment anyway, is showing its strength.

Companies are flush with cash and the banks, wallowing in

new money raised in the market in the whole of last year, and take a lot of absorbing.

Any other disruptive activity, suggests Mr Gomez Montijo, will probably be limited to the foods sector, where mergers are possible. Engineering group CAF, which has won an important subcontracting role in the building of high speed

trains for the national railway, may also find itself courted.

For the moment, the conventional wisdom is working.

Two years this year the market has

survived weighty blows, writes Peter Bruce

was released but rose the following session on the belief that the panic was overdone.

Then earlier this week, January inflation figures showed a 1 per cent rise in the Consumer

Price Index, virtually destroying any chance of holding inflation to 3 per cent for the year. Prices actually rose a

touch after hours, although the wait for the figures had taken

its toll with a 2 per cent drop in the previous week.

Spain, for the moment anyway, is showing its strength.

Companies are flush with cash and the banks, wallowing in

new money raised in the market in the whole of last year, and take a lot of absorbing.

Any other disruptive activity, suggests Mr Gomez Montijo, will probably be limited to the foods sector, where mergers are possible. Engineering group CAF, which has won an important subcontracting role in the building of high speed

trains for the national railway, may also find itself courted.

For the moment, the conventional wisdom is working.

Two years this year the market has

survived weighty blows, writes Peter Bruce

was released but rose the following session on the belief that the panic was overdone.

Then earlier this week, January inflation figures showed a 1 per cent rise in the Consumer

Price Index, virtually destroying any chance of holding inflation to 3 per cent for the year. Prices actually rose a

touch after hours, although the wait for the figures had taken

its toll with a 2 per cent drop in the previous week.

Spain, for the moment anyway, is showing its strength.

Companies are flush with cash and the banks, wallowing in

new money raised in the market in the whole of last year, and take a lot of absorbing.

Any other disruptive activity, suggests Mr Gomez Montijo, will probably be limited to the foods sector, where mergers are possible. Engineering group CAF, which has won an important subcontracting role in the building of high speed

trains for the national railway, may also find itself courted.

For the moment, the conventional wisdom is working.

Two years this year the market has

survived weighty blows, writes Peter Bruce

was released but rose the following session on the belief that the panic was overdone.

Then earlier this week, January inflation figures showed a 1 per cent rise in the Consumer

Price Index, virtually destroying any chance of holding inflation to 3 per cent for the year. Prices actually rose a

touch after hours, although the wait for the figures had taken

its toll with a 2 per cent drop in the previous week.

Spain, for the moment anyway, is showing its strength.

Companies are flush with cash and the banks, wallowing in

new money raised in the market in the whole of last year, and take a lot of absorbing.

Any other disruptive activity, suggests Mr Gomez Montijo, will probably be limited to the foods sector, where mergers are possible. Engineering group CAF, which has won an important subcontracting role in the building of high speed

trains for the national railway, may also find itself courted.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talleman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 53(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

† Bargains at special prices. ♦ Bargains done the previous day.

Corporation and County

Stocks No. of bargains included 1

London County C 2% Cum Lst 1920(ster)

£24 (21Feb89)

Greyhound London Council 8 1/4% Lst 90/2

£364 (21Feb89)

Aberdeen (City) 10.5% Red Stk 2001

£103 1/4% (17Feb89)

Birmingham City Corp 5% Lst 1947(ster)

£100 (21Feb89)

Bristol City 0.11% Red Stk 2003

£105 1/2% (21Feb89)

Glasgow Corp 3 1/4% Ird Stk 225%

£100 (21Feb89)

Hull Corporation 1.1% Red Stk 2017

£113 1/4% (17Feb89)

Kensington and Chelsea Royal Borough

1.1% Lst 2000 (21Feb89)

Kirklees Metropolitan Council 11.5% Red

Stk 2031 - 2111 1/4 (17Feb89)

Swansea City 0.13% Red Stk 2008

£125 1/4% (17Feb89)

UK Public Boards

No. of bargains included 1

Agricultural Mortgage Corp PLC 4% Cum Deb

Stk 6181 - 284 (22Feb89)

5% Lst 50/50 - 221 2/4%

6% Div Stk 50/50 - 221 2/4%

LONDON STOCK EXCHANGE

Equity recovery fades in late trading

THE INCREASE in US Federal discount rate, although widely foreseen in London, halted a technical recovery in the UK equity market yesterday. Early gains in the blue chip equities were largely eliminated towards the close as Wall Street made a poor start to the new session.

Traders sounded far from convinced by the initial attempt at a recovery, and pointed to a host of technical factors. Overnight firms on Wall Street, which closed before the news of higher prime rates at the major US banks, and a steeper dollar, encouraged a higher opening in London for the final day of

Account Dealing Dates		
First 13	Feb 27	Mar 13
Option Deactivation	Mar 3	Mar 20
Last Dealing Day	Mar 24	Mar 31
Margin Dates	Mar 5	Mar 10
Margin Dates every 10th place from 2.00 am two business days earlier		

the equity Account.

The early improvement was helped along when a securities house, reportedly Smith New Court, operated the buy side of a two-way trading programme said to be worth around £50m; the sell side appeared to have been completed on the previous day.

Traders sounded far from

convinced by the initial attempt at a recovery, and pointed to a host of technical factors. Overnight firms on Wall Street, which closed before the news of higher prime rates at the major US banks, and a steeper dollar, encouraged a higher opening in London for the final day of

the equity Account.

The early improvement was helped along when a securities house, reportedly Smith New Court, operated the buy side of a two-way trading programme said to be worth around £50m; the sell side appeared to have been completed on the previous day.

Over the two-week equity Account, the FT-SE Index has lost 36.5 points as upward pressures on interest rates have

reappeared in the US and in Europe, and Mr Lawson, the UK Chancellor of the Exchequer, has ruled out early cuts in base rates.

City analysts stressed the likelihood of a near term correction in equities but remained optimistic.

At Warburg Securities, Mr Nick Whitney warned that the market could, "temporarily," move below FT-SE 2,000, but saw a 20 per cent rise in the rating of the equity market this year. Mr Robin Aspinall at Schroder Securities regarded a correction to "the mild FT/SE 1900s" as valid, but only as a "precursor to another good upmove."

Over the two-week equity Account, the FT-SE Index has lost 36.5 points as upward pressures on interest rates have

shares plummeting to 77p before closing a net 25 off at 34p after the dividend commission and profits setback.

Warrington-based regional Greenall Whitley remained the focus of attention in the brewery sector as talk of a management buy-out circulated for the second-day running. However, one analyst said that the food industry has known about the problem for at least six months, and described the market's nervousness as "misplaced."

Hoare Govett, broker to Tate, was also quick to play down the significance of the story. After hosting a couple of seminars on the company this week Hoare said it would not be adjusting its recently upgraded forecast for Tate; the broking house also remarked that because of the weakness in the price it now regards the shares as a buying opportunity.

However, there has been recent talk that a number of parties are interested in buying one of Greenall's wine and spirits operations; Guinness has been named as a possible buyer of the division that produces Vladivar Vodka, and dealers said that this could explain the stock's strength. After a busy day's trading the share closed 10 firmer at 32.5p.

NEI, where Rolls-Royce

retains a near 5 per cent stake, moved up 4% to 133.5p, with dealers reporting heavy trading in the share, possibly up to 10m. NEI is scheduled to announce preliminary profits on March 14 and estimates of as much as 383m have been mooted. There are also whispers in the market that talks leading to some form of link with Rolls-Royce could be revived after the figures are announced.

Profit takers pulled Rolls-Royce down 2% as the shares settled at their psychologically important issue price of 170p. Some 7.5m shares changed hands, below the week's average. Institutional investors anticipated the result of MB Group's special meeting over the approval of the merger of Metalbox subsidiary with French group Carnaud. They chased the stock, which added 7 to close at 224p.

Speculative buyers took to Williams (John) of Cardiff, which jumped 6 to 45p, while Bromsgrove's bid pushed USM-quoted Delmar 10 higher to the agreed price of 70p a share. Bromsgrove also rose 10, to 165p, helped by persistent small inquiries.

News that Irish meat millionaire Mr Larry Goodman had increased his stake to 7.4 per cent left the shares in Berliford International little troubled, and they closed a penny better at 160p. Several dealers still believe that Mr Goodman is more interested in Unigate (steady at 34p), where he has a near 8 per cent holding.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

There are also some in the market who are convinced that the Irishman has his eye on Dalgety, where once again there were sightings of a big buyer on the inter-dealer-broker screens. Dalgety closed 21p higher at 358p on turnover of 1.6m shares.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED
UNIT TRUSTS

Unit Cost: £1.00 Bid/Pri. £1.00 Offer/Pri. £1.00
Last Price: £1.00 Bid/Pri. £1.00 Offer/Pri. £1.00
Warr + Yield: 0.00% + 0.00% - 0.00% + 0.00% - 0.00% + 0.00%

Abbey Unit Trust Mgrs Ltd (10000H)
50 Highcross St, Leicester LE1 7JF
0345 717373

American Income - 4.45 58 46.07 47.99 49.00 51.15 55.59

Unit Trust - 4.45 58 46.07 47.99 49.00 51.15 55.59

Hanover Equity - 6.12 37.30 13.0 1.30 5.7 5.7 5.7

Capital Growth - 5.05 30 15.30 15.30 15.30 15.30 15.30

American Growth - 4.15 58 1.57 50.15 51.15 52.15 53.15

Assets & Earnings - 5.13 3 15.48 49.15 50.15 51.15 52.15

Corporate Income - 4.95 58 1.57 50.15 51.15 52.15 53.15

Conserv & Growth - 5.12 3 15.48 49.15 50.15 51.15 52.15

1992 Enterprise - 5.45 58 52.15 53.15 54.15 55.15 56.15

General - 5.17 58 17.0 18.0 19.0 20.0 21.0

Investment Income - 5.18 58 17.0 18.0 19.0 20.0 21.0

Excess - 5.05 49.50 51.15 52.15 53.15 54.15 55.15

Abstract Management Ltd (1000H)

10 Queen Street, Liverpool L1 9QH

American Income - 5.15 58 25.15 26.15 27.15 28.15 29.15

Equity & Income - 5.15 58 25.15 26.15 27.15 28.15 29.15

Corporate Income - 5.15 58 25.15 26.15 27.15 28.15 29.15

1992 Enterprise - 5.15 58 25.15 26.15 27.15 28.15 29.15

General - 5.15 58 25.15 26.15 27.15 28.15 29.15

Investment Income - 5.15 58 25.15 26.15 27.15 28.15 29.15

Excess - 5.15 58 25.15 26.15 27.15 28.15 29.15

CIBC Unit Trust Managers plc (2000H)

2000 City Rd, London EC1V 4AS

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

Equity & Income - 5.10 58 1.50 4.10 10.10 15.10 20.10

<p

- Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-825-2122

Continued on next page

UNIT TRUST INFORMATION SERVICE

- Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2126

FT UNIT TRUST INFORMATION SERVICE

LUXEMBOURG (**) .

	Std. Price	Offer Price	+/-	Yield	Wt.	Std. Price	Offer Price	+/-
Regd Standard Life Assurance Ltd								
Guarantees Hst, Port Erie, Ind	107.7	107.5				0626 533343	Eastwest Fund Management Ltd	
Guarantees Mkt	107.7	107.5					Eastwest Fund	£5.15
AF (Globe)	100.9	115.2					Guaranteed DM Profits	£122.99
AF, A.M. 1	100.9	104.8					S. E. Europe Obligations SA	
AF, A.M. 2	100.9	104.8					Europe Capital Obligations	£92.04
AF, A.M. 3	100.9	102.0					Europe Plus Investment (SICAV)	£0.25
AF, A.M. 4	100.9	102.0					NAV Feb 24	£0.1490
AF, A.M. 5	100.9	102.0					FFM Futures Fund Ltd	
AF, A.M. 6	100.9	102.0					FFM Fund	£2.24
AF, A.M. 7	100.9	102.0					Far East Growth Fund	£2.24
AF, A.M. 8	100.9	102.0					Far East Growth	£24.34
AF, A.M. 9	100.9	102.0					Fidelity Int'l Inv Fund (Luxembourg) SA	
AF, A.M. 10	100.9	102.0					Carribean Portfolios	£9.99
AF, A.M. 11	100.9	102.0					New Europe Fd	£0.73
AF, A.M. 12	100.9	102.0					Fidelity-Carsen Fund	£0.22
AF, A.M. 13	100.9	102.0					Hannover G & Bd Fd	£57.19
AF, A.M. 14	100.9	102.0					First Convertible Securities Fund	£11.50
AF, A.M. 15	100.9	102.0					NAV Feb 23	
AF, A.M. 16	100.9	102.0					Farley Securities Management Ltd	
AF, A.M. 17	100.9	102.0					Gold High Income	£8.9
AF, A.M. 18	100.9	102.0					Gold Inv.	£5.16
AF, A.M. 19	100.9	102.0					Gold Appreciation	£4.51
AF, A.M. 20	100.9	102.0					Foreign & Colonial Management Ltd	
AF, A.M. 21	100.9	102.0					FAC Atlantic Feb 22	£18.01
AF, A.M. 22	100.9	102.0					FAC Euro Fund Feb 22	£34.01
AF, A.M. 23	100.9	102.0					FAC Japan Feb 22	£51.92
AF, A.M. 24	100.9	102.0					FAC Orient Feb 22	£82.77
AF, A.M. 25	100.9	102.0					Weekly dealings	
AF, A.M. 26	100.9	102.0						
AF, A.M. 27	100.9	102.0						
AF, A.M. 28	100.9	102.0						
AF, A.M. 29	100.9	102.0						
AF, A.M. 30	100.9	102.0						
AF, A.M. 31	100.9	102.0						
AF, A.M. 32	100.9	102.0						
AF, A.M. 33	100.9	102.0						
AF, A.M. 34	100.9	102.0						
AF, A.M. 35	100.9	102.0						
AF, A.M. 36	100.9	102.0						
AF, A.M. 37	100.9	102.0						
AF, A.M. 38	100.9	102.0						
AF, A.M. 39	100.9	102.0						
AF, A.M. 40	100.9	102.0						
AF, A.M. 41	100.9	102.0						
AF, A.M. 42	100.9	102.0						
AF, A.M. 43	100.9	102.0						
AF, A.M. 44	100.9	102.0						
AF, A.M. 45	100.9	102.0						
AF, A.M. 46	100.9	102.0						
AF, A.M. 47	100.9	102.0						
AF, A.M. 48	100.9	102.0						
AF, A.M. 49	100.9	102.0						
AF, A.M. 50	100.9	102.0						
AF, A.M. 51	100.9	102.0						
AF, A.M. 52	100.9	102.0						
AF, A.M. 53	100.9	102.0						
AF, A.M. 54	100.9	102.0						
AF, A.M. 55	100.9	102.0						
AF, A.M. 56	100.9	102.0						
AF, A.M. 57	100.9	102.0						
AF, A.M. 58	100.9	102.0						
AF, A.M. 59	100.9	102.0						
AF, A.M. 60	100.9	102.0						
AF, A.M. 61	100.9	102.0						
AF, A.M. 62	100.9	102.0						
AF, A.M. 63	100.9	102.0						
AF, A.M. 64	100.9	102.0						
AF, A.M. 65	100.9	102.0						
AF, A.M. 66	100.9	102.0						
AF, A.M. 67	100.9	102.0						
AF, A.M. 68	100.9	102.0						
AF, A.M. 69	100.9	102.0						
AF, A.M. 70	100.9	102.0						
AF, A.M. 71	100.9	102.0						
AF, A.M. 72	100.9	102.0						
AF, A.M. 73	100.9	102.0						
AF, A.M. 74	100.9	102.0						
AF, A.M. 75	100.9	102.0						
AF, A.M. 76	100.9	102.0						
AF, A.M. 77	100.9	102.0						
AF, A.M. 78	100.9	102.0						
AF, A.M. 79	100.9	102.0						
AF, A.M. 80	100.9	102.0						
AF, A.M. 81	100.9	102.0						
AF, A.M. 82	100.9	102.0						
AF, A.M. 83	100.9	102.0						
AF, A.M. 84	100.9	102.0						
AF, A.M. 85	100.9	102.0						
AF, A.M. 86	100.9	102.0						
AF, A.M. 87	100.9	102.0						
AF, A.M. 88	100.9	102.0						
AF, A.M. 89	100.9	102.0						
AF, A.M. 90	100.9	102.0						
AF, A.M. 91	100.9	102.0						
AF, A.M. 92	100.9	102.0						
AF, A.M. 93	100.9	102.0						
AF, A.M. 94	100.9	102.0						
AF, A.M. 95	100.9	102.0						
AF, A.M. 96	100.9	102.0						
AF, A.M. 97	100.9	102.0						
AF, A.M. 98	100.9	102.0						
AF, A.M. 99	100.9	102.0						
AF, A.M. 100	100.9	102.0						
AF, A.M. 101	100.9	102.0						
AF, A.M. 102	100.9	102.0						
AF, A.M. 103	100.9	102.0						
AF, A.M. 104	100.9	102.0						
AF, A.M. 105	100.9	102.0						
AF, A.M. 106	100.9	102.0						
AF, A.M. 107	100.9	102.0						
AF, A.M. 108	100.9	102.0						
AF, A.M. 109	100.9	102.0						
AF, A.M. 110	100.9	102.0						
AF, A.M. 111	100.9	102.0						
AF, A.M. 112	100.9	102.0						
AF, A.M. 113	100.9	102.0						
AF, A.M. 114	100.9	102.0						
AF, A.M. 115	100.9	102.0						
AF, A.M. 116	100.9	102.0						
AF, A.M. 117	100.9	102.0						
AF, A.M. 118	100.9	102.0						
AF, A.M. 119	100.9	102.0						
AF, A.M. 120	100.9	102.0						
AF, A.M. 121	100.9	102.0						
AF, A.M. 122	100.9	102.0						
AF, A.M. 123	100.9	102.0						
AF, A.M. 124	100.9	102.0						
AF, A.M. 125	100.9	102.0						
AF, A.M. 126	100.9	102.0						
AF, A.M. 127	100.9	102.0						
AF, A.M. 128	100.9	102.0						
AF, A.M. 129	100.9	102.0						
AF, A.M. 130	100.9	102.0						
AF, A.M. 131	100.9	102.0						
AF, A.M. 132	100.9	102.0						
AF, A.M. 133	100.9	102.0						
AF, A.M. 134	100.9	102.0						
AF, A.M. 135	100.9	102.0						
AF, A.M. 136	100.9	102.0						
AF, A.M. 137	100.9	102.0						
AF, A.M. 138	100.9	102.0						
AF, A.M. 139	100.9	102.0						
AF, A.M. 140	100.9	102.0						
AF, A.M. 141	100.9	102.0						
AF, A.M. 142	100.9	102.0						
AF, A.M. 143	100.9	102.0						
AF, A.M. 144	100.9	102.0						
AF, A.M. 145	100.9	102.0						
AF, A.M. 146	100.9	102.0						
AF, A.M. 147	100.9	102.0						
AF, A.M. 148	100.9	102.0						
AF, A.M. 149	100.9	102.0						
AF, A.M. 150	100.9	102.0						
AF, A.M. 151	100.9	102.0						
AF, A.M. 152	100.9	102.0						
AF, A.M. 153	100.9	102.0						
AF, A.M. 154	100.9	102.0						
AF, A.M. 155	100.9	102.0						
AF, A.M. 156	100.9	102.0						
AF, A.M. 157	100.9	102.0						
AF, A.M. 158	100.9	102.0						
AF, A.M. 159	100.9	102.0						
AF, A.M. 160	100.9	102.0						
AF, A.M. 161	100.9	102.0						
AF, A.M. 162	100.9	102.0						
AF, A.M. 163	100.9	102.0						
AF, A.M. 164	100.9	102.0						
AF, A.M. 165	100.9	102.0						
AF, A.M. 166	100.9	102.0						
AF, A.M. 167	100.9	102.0						
AF, A.M. 168	100.9	102.0						
AF, A.M. 169	100.9	102.0						
AF, A.M. 170	100.9	102.0						
AF, A.M. 171	100.9	102.0						
AF, A.M. 172	100.9	102.0						
AF, A.M. 173	100.9	102.0						
AF, A.M. 174	100.9	102.0						
AF, A.M. 175	100.9	102.0						
AF, A.M. 176	100.9	102.0						
AF, A.M. 177	100.9	102.0						
AF, A.M. 178	100.9	102.0						
AF, A.M. 179	100.9	102.0						
AF, A.M. 180	100.9	102.0						
AF, A.M. 181	100.9	102.0						
AF, A.M. 182	100.9	102.0						
AF, A.M. 183	100.9	102.0						
AF, A.M. 184	100.9	102.0						
AF, A.M. 185	100.9	102.0						
AF, A.M. 186	100.9	102.0						
AF, A.M. 187	100.9	102.0						
AF, A.M.								

LONDON SHARE SERVICE

Continued on next page

LONDON SHARE SERVICE

CANADIANS

BUILDING, TIMBER, ROADS - Contd

	Price	Div	Yield	Yield	Div	Yield	Yield	Div	Yield	Yield	Div	Yield	Yield
1988/89	Stock	4.4	4.4	1.0	1958/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7
3004 1294 ARM Gold Corp. 1	13.4	1.4	10.5	1959/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
524 415 Abbot Energy Corp. 1	13.4	1.4	10.5	1960/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
144 6822 Arthur Barrick Res. 1	12.4	1.4	10.5	1961/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
474 712 Atlantic Res. 1	16.7	1.7	10.0	1962/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1256 8254 Atmomatica 1	10.6	1.0	9.5	1963/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
745 1044 Atmomatica 1	24.1	2.4	10.0	1964/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1454 1045 Atmomatica 1	10.4	1.0	9.5	1965/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
764 2148 Atmomatica 1	5.1	0.5	9.5	1966/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
514 2149 Atmomatica 1	5.1	0.5	9.5	1967/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1455 2150 Atmomatica 1	5.1	0.5	9.5	1968/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1456 2151 Atmomatica 1	5.1	0.5	9.5	1969/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1457 2152 Atmomatica 1	5.1	0.5	9.5	1970/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1458 2153 Atmomatica 1	5.1	0.5	9.5	1971/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1459 2154 Atmomatica 1	5.1	0.5	9.5	1972/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1460 2155 Atmomatica 1	5.1	0.5	9.5	1973/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1461 2156 Atmomatica 1	5.1	0.5	9.5	1974/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1462 2157 Atmomatica 1	5.1	0.5	9.5	1975/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1463 2158 Atmomatica 1	5.1	0.5	9.5	1976/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1464 2159 Atmomatica 1	5.1	0.5	9.5	1977/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1465 2160 Atmomatica 1	5.1	0.5	9.5	1978/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1466 2161 Atmomatica 1	5.1	0.5	9.5	1979/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1467 2162 Atmomatica 1	5.1	0.5	9.5	1980/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1468 2163 Atmomatica 1	5.1	0.5	9.5	1981/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1469 2164 Atmomatica 1	5.1	0.5	9.5	1982/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1470 2165 Atmomatica 1	5.1	0.5	9.5	1983/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1471 2166 Atmomatica 1	5.1	0.5	9.5	1984/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1472 2167 Atmomatica 1	5.1	0.5	9.5	1985/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1473 2168 Atmomatica 1	5.1	0.5	9.5	1986/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1474 2169 Atmomatica 1	5.1	0.5	9.5	1987/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1475 2170 Atmomatica 1	5.1	0.5	9.5	1988/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1476 2171 Atmomatica 1	5.1	0.5	9.5	1989/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1477 2172 Atmomatica 1	5.1	0.5	9.5	1990/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1478 2173 Atmomatica 1	5.1	0.5	9.5	1991/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1479 2174 Atmomatica 1	5.1	0.5	9.5	1992/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1480 2175 Atmomatica 1	5.1	0.5	9.5	1993/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1481 2176 Atmomatica 1	5.1	0.5	9.5	1994/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1482 2177 Atmomatica 1	5.1	0.5	9.5	1995/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1483 2178 Atmomatica 1	5.1	0.5	9.5	1996/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1484 2179 Atmomatica 1	5.1	0.5	9.5	1997/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1485 2180 Atmomatica 1	5.1	0.5	9.5	1998/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1486 2181 Atmomatica 1	5.1	0.5	9.5	1999/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1487 2182 Atmomatica 1	5.1	0.5	9.5	2000/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1488 2183 Atmomatica 1	5.1	0.5	9.5	2001/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1489 2184 Atmomatica 1	5.1	0.5	9.5	2002/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1490 2185 Atmomatica 1	5.1	0.5	9.5	2003/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1491 2186 Atmomatica 1	5.1	0.5	9.5	2004/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1492 2187 Atmomatica 1	5.1	0.5	9.5	2005/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1493 2188 Atmomatica 1	5.1	0.5	9.5	2006/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1494 2189 Atmomatica 1	5.1	0.5	9.5	2007/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1495 2190 Atmomatica 1	5.1	0.5	9.5	2008/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1496 2191 Atmomatica 1	5.1	0.5	9.5	2009/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1497 2192 Atmomatica 1	5.1	0.5	9.5	2010/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1498 2193 Atmomatica 1	5.1	0.5	9.5	2011/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1499 2194 Atmomatica 1	5.1	0.5	9.5	2012/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1500 2195 Atmomatica 1	5.1	0.5	9.5	2013/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1501 2196 Atmomatica 1	5.1	0.5	9.5	2014/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1502 2197 Atmomatica 1	5.1	0.5	9.5	2015/89	Stock	1.5	2.5	4.7	4.7	1.5	2.5	4.7	
1503 2198 Atmomatica 1	5.1	0.5	9.5	2016/89	Stock	1.5	2						

LONDON SHARE SERVICE

- Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

A sombre, remote end for Hirohito

By Ian Rodger and Stefan Wagstyl in Tokyo

STEADY RAIN and bitter cold turned the funeral of Japan's Emperor Hirohito into a test of endurance for 10,000 mourners who attended the three hours of state and religious ceremonies in Tokyo.

It was not just the weather which took away some of the resonance from the occasion. Emperor Hirohito's funeral turned out to be much like his life – dignified and sombre – but also remote.

In spite of the presence of leaders from 183 countries, the ceremonies were staged with few of the accoutrements of grand state funerals elsewhere. There were no flowers, marching bands or parading soldiers. The speeches were repetitive but not the officers of state wore dark suits, not uniforms.

At times, the ceremonies expressed the quintessential Japanese ability to create a mood out of the simplest devices: the hauntingly-beautiful singing of a priest, the

earie dissonance of a dirge played on high-pitched bamboo pipes, the staccato clatter from 51 pallbearers' wooden slippers hitting the carefully-washed stones of a gravel roadway.

For the most part, however, the rituals were remote, both physically because of the huge size of the funeral hall and in their meaning. Bored mourners retreated frequently from the funeral hall to adjacent marques for tea, where the conversations were often so lively that officials circulated with signs pleading for silence.

The mourners could hardly be blamed for their lack of interest. Unlike a Western state funeral, where the Christian symbols are universally familiar, the Emperor's funeral was composed largely of ceremony which many Japanese could scarcely understand.

Its religious parts were drawn from Shinto, the former state religion of Japan. But most Japanese families today

commemorate their dead with Buddhist rituals, not Shinto.

The language of the Shinto rites is foreign to the average Japanese, made up of words with which even expert commentators had trouble.

The whole event had the air of a courtly dance, performed with immense care for the benefit of both Japanese and foreign dignitaries.

Great pains were taken to satisfy the demands of nationalists who wanted a traditional Shinto ceremony and others who insisted on a clear separation of church and state as stipulated in the US-imposed post-war constitution.

A Shinto ceremony, symbolised by the presence of the great torii wooden gate, came first. Then curtains were drawn, the gate removed and a secular ceremony began composed of only brief speeches, with the principal mourners coming forward to bow to the palanquin, the litter which

bore the Emperor.

The centre of Tokyo was mostly deserted but this was not a city in mourning so much as a city at rest. Most people were either relaxing at home or taking a break somewhere, many on the ski slopes.

Those who came in spite of the weather lined the streets in straggled lines, their numbers not quite sufficient to fill all the gaps along the blue and white barricades.

There were few incidents.

Two members of a left-wing group were arrested in a brief scuffle with police after they rushed out in front of the cortège. Later, there was a small explosion along the route between Shinjuku park and the Imperial burial grounds on the Western outskirts of Tokyo. The cortège was well away when the explosion happened.

For the most part it was a question of watching and waiting for a brief glimpse of the black hearse.

Bush firm on choice of Tower after rebuff

By Peter Riddell in Tokyo and Nancy Dunne in Washington

PRESIDENT George Bush vowed yesterday to do on trying to win the support of the full Senate for his nomination of Mr John Tower as US Defence Secretary, in spite of his nominee's rejection by the powerful Senate armed services committee.

The President faces a battle to avoid a humiliating defeat next week in what will be his first big confrontation with the Democratic-controlled Congress.

Early yesterday the armed services committee voted 11-9 along party lines to recommend rejection of the nomination. The full Senate is due to vote on the issue in the middle of next week.

Speaking in Tokyo, Mr Bush expressed full confidence in Mr Tower's knowledge and expertise on defence matters, adding: "I am going to win

this battle."

The Tower affair has diverted the President's time, as well as the media's attention. He has had meetings – 18 in all – with other heads of government who attended the funeral.

Senator Bob Dole, the Republican minority leader in the Senate, described the vote as "a kick in the teeth" for Mr Bush while representing his country abroad.

Senate Republicans are said to be plotting a particularly risky strategy, in view of the President's clear need for bipartisan support.

It would involve claiming that there has been a smear campaign against Senator Tower, while implying that there are Democratic senators who can be faulted – as Mr Tower has been – over allegations of heavy drinking.

Senator Ted Stevens, an Alaska Republican, has already embarked on such a strategy, proclaiming "I've known senators who had drinking problems... We've even known senators to drink during working hours."

The President himself plans active lobbying efforts from this weekend to attract wavering Democrat senators. He will argue that the opposition so far has been based on unfounded allegations about Mr Tower's personal life.

The President will nevertheless find it difficult to attract the six senators needed to reverse the Democrats' usual 55/45 majority in the Senate.

Despite all yesterday's fighting talk, some of Mr Bush's close allies have already begun to distance themselves from

the nomination.

Mr James Baker, the US Secretary of State, said the President had to fight on now because if he withdrew Mr Tower's nomination before a full vote, people would say his judgment was "flawed from the beginning". He added that there was still "a chance that it would be won on the floor."

The President and his advisers believe that the Federal Bureau of Investigation inquiry into Mr Tower contains nothing to rule him out as defence secretary.

However, such reports, already seen by members of the Armed Services Committee, are not generally made available publicly, so Mr Bush will have to rely on private lobbying.

A President pushed onto the defensive, Page 7

Metalbox

Continued from Page 1

ine shareholders."

"Whatever the motive for their actions, I am sure you will agree that tactics of this nature do not bring them credit."

Mr Richard Strang, a director of Morgan Grenfell, the merchant bank advising the consortium, named Newco, outlined its objections to the merger. He said that "despite a serious and formal approach by Newco, your board made a public rejection of the proposal within three hours of it being made."

Newco said fewer than half of the total number of shares were voted in favour of the merger.

Some anti-French and anti-European Community feeling was evident. One shareholder brought up the question of the Common Agricultural Policy as an example of the alleged inequities of the French and the EC.

Another said he would be glad to say farewell to "the Aussies" and to Morgan Grenfell, a sentiment applauded by Mr Strang. One shareholder said MB would be "crazy not to merge" with Carnaud but, asked if the new group could be called MBC Packaging instead of CMB Packaging, Mr Smith said that the name did include the English word packaging and not embalaging.

However, the last month, a short list of four possible buyers has been drawn up. Cooperative Bank is believed to be the strongest candidate.

Although legislation has been modified to make it possible for a building society to buy a girobank, a purchase by Alliance & Leicester would still entail some complications.

Alliance & Leicester may buy Girobank

By David Barchard

ALLIANCE & LEICESTER, the fifth largest UK building society with assets of £11.4bn, yesterday emerged as a potential purchaser of Girobank, the Post Office banking subsidiary.

The sale of Girobank to the private sector was due to have been completed by last November. The deadline was extended when a suitable buyer could not be found and at one stage it seemed the sale might be abandoned.

However, in the last month, a short list of four possible buyers has been drawn up. Cooperative Bank is believed to be the strongest candidate.

Although legislation has been modified to make it possible for a building society to buy a girobank, a purchase by Alliance & Leicester would still entail some complications.

Girobank would have to be

restructured with its corporate lending being transferred to a subsidiary company. It might also face problems over activities such as leasing, which are closed to building societies.

Several other building societies are believed to have been deterred by the cost of the acquisition, which would have to be financed from their reserves.

Even if Girobank were to be sold for its net asset value of £100m, the resources of most large societies would be severely depleted. The buyer is expected to have to inject additional capital to modernise the group's operations.

Alliance & Leicester strengthened its capital base last year by raising £200m in subordinated debt, a form of long-term borrowing which counts as capital.

CHIEF PRICE CHANGES YESTERDAY	
FRANKFURT (Dm)	
Rises	
Viat 254.5 + 9.5	253 - 14
D'sche Babcock 168.5 + 6	162 + 5
Lufthansa 162 + 5	158 + 19
Linde 770 + 19	751 + 18
NEW YORK (\$)	
Rises	
Emhart 39.7 + 7.1	32.6 - 7.1
Bob Evans Farms 16.5 + 5.2	16.5 + 5.2
New World Ent 5.4 + 5.2	5.4 + 5.2
Falls	
Chase Manhattan 31.5 - 5	31.5 - 5
CHICAGO (Pence)	
Paterson Zoch 333 + 9	333 + 9
Racial Telecom 233 + 6	233 + 6
Reckitt Colman 1064 + 12	1064 + 12
Regalian 135 + 8	135 + 8
Ricardo 147 + 7	147 + 7
Summer Int 73 + 9	73 + 9
Falls	
Bass 963 - 8	963 - 8
Lloyds Bank 301 + 11	301 + 11
Midland 41 + 6	41 + 6
PWS Higgs 84.2 + 25	84.2 + 25
Tate & Lyle 227 - 7	227 - 7
Japan closed. New York prices at 12.30.	
LONDON (Pence)	
Rises	
BTR 347 + 9.2	347 + 9.2
Bromsgrove 145 + 10	145 + 10
Bullers 41 + 6	41 + 6
Deutsche 251 + 7	251 + 7
FBI Babcock 177 + 20	177 + 20
Finlay (J.) 116 + 5	116 + 5
Gr'nall Whitley 328 + 10	328 + 10
Inchcape 311 + 7	311 + 7
Jaguar 165 + 7	165 + 7
Lockers 465 + 20	465 + 20
Mercant. Ass't M. 465 + 8	465 + 8
Moss Trust 46 + 8	46 + 8
Falls	
Paterson Zoch 333 + 9	333 + 9
Racial Telecom 233 + 6	233 + 6
Reckitt Colman 1064 + 12	1064 + 12
Regalian 135 + 8	135 + 8
Ricardo 147 + 7	147 + 7
Summer Int 73 + 9	73 + 9
Tate & Lyle 227 - 7	227 - 7
WORLDWIDE WEATHER	
Yester day	Yester day
Today	Today
Monday	Monday
Tuesday	Tuesday
Wednesday	Wednesday
Thursday	Thursday
Friday	Friday
Saturday	Saturday
Sunday	Sunday
Monday	Monday
Tuesday	Tuesday
Wednesday	Wednesday
Thursday	Thursday
Friday	Friday
Saturday	Saturday
Sunday	Sunday
Monday	Monday
Tuesday	Tuesday
Wednesday	Wednesday
Thursday	Thursday
Friday	Friday
Saturday	Saturday
Sunday	Sunday
Monday	Monday
Tuesday	Tuesday
Wednesday	Wednesday
Thursday	Thursday
Friday	Friday
Saturday	Saturday
Sunday	Sunday
Monday	Monday
Tuesday	Tuesday
Wednesday	Wednesday
Thursday	Thursday
Friday	Friday
Saturday	Saturday
Sunday	Sunday
Monday	Monday
Tuesday	Tuesday
Wednesday	Wednesday
Thursday	Thursday
Friday	Friday
Saturday	Saturday
Sunday	Sunday
Monday	Monday
Tuesday	Tuesday
Wednesday	Wednesday
Thursday	Thursday
Friday	Friday
Saturday	Saturday
Sunday	Sunday
Monday	Monday
Tuesday	Tuesday
Wednesday	Wednesday
Thursday	Thursday
Friday	Friday
Saturday	Saturday
Sunday	Sunday
Monday	Monday
Tuesday	Tuesday
Wednesday	Wednesday
Thursday	Thursday
Friday	Friday
Saturday	Saturday
Sunday	Sunday
Monday	Monday
Tuesday	Tuesday
Wednesday	Wednesday
Thursday	Thursday
Friday	Friday
Saturday	Saturday
Sunday	Sunday
Monday	Monday
Tuesday	Tuesday
Wednesday	Wednesday
Thursday	Thursday
Friday	Friday
Saturday	Saturday
Sunday	Sunday
Monday	Monday
Tuesday	Tuesday
Wednesday	Wednesday
Thursday	Thursday
Friday	Friday
Saturday	Saturday
Sunday	Sunday
Monday	Monday
Tuesday	Tuesday
Wednesday	Wednesday
Thursday	Thursday
Friday	Friday
Saturday	Saturday
Sunday	Sunday
Monday	Monday
Tuesday	Tuesday
Wednesday	Wednesday
Thursday	Thursday
Friday	Friday
Saturday	Saturday
Sunday	Sunday
Monday	Monday
Tuesday	Tuesday
Wednesday	Wednesday
Thursday	Thursday
Friday	Friday
Saturday	Saturday
Sunday	Sunday
Monday	Monday
Tuesday	Tuesday
Wednesday	Wednesday
Thursday	Thursday
Friday	Friday
Saturday	Saturday
Sunday	Sunday
Monday	Monday
Tuesday	Tuesday
Wednesday	Wednesday
Thursday	Thursday
Friday	Friday
Saturday	Saturday
Sunday	Sunday
Monday	Monday
Tuesday	Tuesday

Weekend FT

Weekend February 25/February 26, 1989

SECTION II

THESE ARE not Mario Antonio Conde Conde's finest hours. He has lost his best friend, is smoking again, and has become implicated in a very public adultery that has shaken Spanish high society. A bank merger that promised to make him the most powerful man in the country became a circus and has unravelled. A poor boy made good, he suddenly found himself deserted or attacked by rich aristocrats whose languid, cut-throat world he had happily pitched himself into at the beginning of last year. "Banking is not difficult," he said at the time, but he must be eating his words.

Meanwhile, Spaniards have been treated to probably the most riveting and, ultimately, tasteless, display in decades of their wealthy and powerful at war. Conde, his friends and his enemies are constantly front page news in newspapers and gossip magazines. The story plummeted to new depths last week when soft-porn magazine published a humiliating picture of a rival's beautiful lover, her miniskirt ridden high enough up her thighs to reveal she was not wearing any underwear. It sold out in two hours.

But the lady will pass quickly from the epic. Mario Conde is the undisputed star of the show. The story has been his story.

Spain's banking community had always been a closed, tight circle — often a refuge for the elite and a wonderfully easy way to make money. Huge overhead costs were disbursed by overcharging captive customers. Big banks owned or controlled most of Spanish industry and it was only a few years ago that many began to realise that, with entry into the European Community single market in 1982, banks might actually have to compete for a living.

Then something astonishing happened. Banco de Bilbao, the country's third largest bank, launched a hostile takeover bid for Banco Espanol de Credito (Banesto), the second largest, on November 19, 1987. The bid failed, but not before it had broken every gentleman's agreement in the book and jolted *los beautiful people*, a glittering band of jet-setting socialites — people constantly attended by the gossip press.

Enter *los successful people* in the form of Mario Conde, then just 38, and his friend and business partner Juan Abello Gallo. *Los beautifuls* and *los successu* have much the same kinds of fun — they hunt on huge private estates, go to exhibitions and buy boutiques — but *los successu* have worked for their wealth.

Conde is a sort of beautiful successful. The son of a Galician customs official, he is strikingly handsome and clever. He studied law at the prestigious Jesuit University of Duesto near Bilbao and passed, with one of the three highest marks ever recorded, a national exam to become an *abogado del Estado*, an exalted degree that guarantees fine employment.

Juan Abello was born wealthy. His father founded a pharmaceuticals company in the 1920s and when Juan took control, he wanted someone to help him sort out the flagging business. In March 1976 a mutual friend put him in touch with Conde, who then went to work for him.

Abello was, by then, reportedly hoisted. "I don't want to be the selling pills," he would say. Conde persuaded him to sell Laboratorios Abello, but not its 22 per cent stake in Antibioticos, a manufacturer of basic pharmaceuticals, to a US company for around Pta 3bn (215m) in September 1983. Conde walked away with Pta 300m — more money than he had ever possessed — for fixing the deal.

The two friends then set up on Antibioticos. They deposed the chairman, Abello's brother-in-law, and by January 1985 they had taken control of 100 per cent of the company for around Pta 10bn. By 1986

A success story turns sour

Peter Bruce unravels the story of the scandal which has shaken Spain's banking community and captured the imagination of the nation



Conde had doubled 1984 sales at Antibioticos to nearly Pta 25bn and foreign competitors began to sniff around for an opportunity to buy. But it was only at the end of 1986 that they struck lucky and Conde accepted an incredible offer worth Pta 53.2bn — 23 times Antibioticos' 1986 profits — from Montedison of Italy.

Thanks to Conde, the two young men were rich beyond their dreams, but the next move would be very big. Their target was Banesto, the country's second largest bank and owner of the largest industrial empire in the land.

The bank had had a tumultuous few years, almost failing to pay a dividend in 1986 because of huge losses at its Catalana affiliate, and the Governor of the Bank of Spain, Mariano Rubio, had forced the resignation of Banesto's chief executive in favour of his own friend, Jose Maria Lopez de Letona.

But when Conde and Abello arrived at Banesto's Madrid headquarters in July 1987, Letona was having trouble with the Banesto board. Banesto and its insurance and industrial affiliates were the fief of a few powerful families and the prospect of the two young interlopers with money to burn was worrying, not least because the board owned little equity.

The families lost. The two men managed to buy 5 per cent of Banesto and on October 13, days before the 1987 stock market crash, they became Banesto vice presidents. Just over a month later, Banco de Bilbao launched its takeover bid.

The Banesto families were increased and, for a few crucial days, takeover was a serious possibility. The Government and central bank governor Rubio wanted it badly to create a super bank that would represent Spain in the Euromarkets.

It would have succeeded but Conde and Abello refused to sell their stake to Bilbao and the bid began to melt away. But the affair had greatly weakened Letona, who resigned at a stormy meeting on November 26. Conde was very quickly voted chief executive. On December 5, the Madrid bourgeoisie rejoiced. The Bilbao bid and Conde were home free. On December 15, he was made president. His first job as a banker was to run one.

Amid all this fury, another two successu's had crept onto the scene — Alberto

and Cortina and his cousin Alberto Alcover, *los Alberto's*, partners in construction company Concycon. Early in December 1987, it emerged that they had formed a joint venture, Cartera Central, with the Knutif Investment Office (KIO), to take control of 13 per cent of Banco Central, Spain's biggest bank, and become its biggest shareholders. Javier de la Rosa, the banker who had run Banesto's Catalana affiliate, had become KIO's front man for a huge investment programme in Spain and had masterminded the Concycon deal.

Both in their early forties, the cousins come from privileged backgrounds and had entered the big money by marrying the daughters of Ernesto Koplovitz, an immigrant Jew who had founded Concycon in 1944. He was also a friend of Spain's wealthiest man, Ramon Areces, who founded the upmarket Conde Ingles department store chain. The two sisters own Concycon but have left their men to manage it. When Koplovitz died, Areces took Concycon and the girls under his wing. The two families live in the same apartment block and their enormous success has always derived from their teamwork. It would be difficult to imagine them apart, says a close associate.

Banco Central's ageing chairman, Alfonso Escamez, took fright at his new shareholders, who demanded seats on his

board and criticised the way the bank was run. He began to look for an honorable way to end his career, settling upon an offer to Mario Conde, who by early 1988 had become president of Banesto.

The offer was magnificent. The two banks would merge over three years, during which Escamez would be president of a new holding company which Conde would take over after his retirement.

Together, the two banks would control assets worth more than \$50bn and account for more than 7 per cent of Spain's gross domestic product. Their vast industrial interests could merge too. The Government was ecstatic and when the merger was announced last May, Prime Minister Gonzalez called it "possibly the economic event of the century".

However, all was not well in the opposition camp either. By the end of the year, it had become well-known that Alberto Cortina, normally the cooler and tougher of the two Alberto's, was having an affair with Marta Chavarri, the striking blonde, 28-year-old Marquesa de Cubas, endangering his marriage, his relationship with his cousin and, more important, the source of his power. She was already in the process of divorcing the Marquesa.

In mid-January, Conde received a serious public setback when a large part of his board, including Cartera Central's five

bank, which would give them about 8 per cent of the merged bank and make them still its biggest shareholder. They have five seats on the Banesto board.

Mario Conde's dream had gone fuzzy.

Had he not been seduced by Escamez' offer to merge, he would still be in total control of an important bank. Had he made a mistake? Juan Abello seemed to think so. He began to resent his creation for being too ambitious with the fortune they had made out of Antibioticos.

Conde is not a flippant person and took his job seriously. But the 1988 merger or takeover fever was catching and last spring he spent almost Pta 50bn buying back control of five innocuous portfolio companies through which he thought hostile bidders could attack Banesto. Abello thought it a waste of money and it did not stop the Alberto entering the bank a few months later.

The two men began to drift apart and last October Abello split his share of the Banesto holding — two thirds of the 5 per cent stake — to manage on his own. Conde had been cavalier with many of the old Banesto board members after "rescuing" them and now, with Abello gone, he had few friends to turn to except some Socialist Party members he had brought on to the board to appease the Government. Los Alberto's, whom Conde had treated with disdain, were clearly out to remove him, though they still deny it. In the autumn, they struck again by hiring Miguel Boyer, a former Socialist Finance Minister and friend of the Prime Minister, as chairman of Cartera Central. The need to keep the Government and the Bank of Spain sweet had become paramount and if Boyer could not do it, no one could.

However, all was not well in the opposition camp either. By the end of the year, it had become well-known that Alberto Cortina, normally the cooler and tougher of the two Alberto's, was having an affair with Marta Chavarri, the striking blonde, 28-year-old Marquesa de Cubas, endangering his marriage, his relationship with his cousin and, more important, the source of his power. She was already in the process of divorcing the Marquesa.

In mid-January, Conde received a serious public setback when a large part of his board, including Cartera Central's five

nominees and Abello, either abstained or voted against passing his 1988 accounts. Under the merger agreement, Banesto and Banco Central had to keep their share prices equal, requiring Banesto to spend huge sums buying up its own stock. Los Alberto's said the results were artificial because Conde, in order to dress up the figures, had had to include about Pta 18bn — almost half the gross profit — made by selling Banesto assets to bank subsidiaries. Cartera Central argued that it was nonsense to maintain the fiction that Banesto was worth just as much as Banco Central.

A few weeks later, Alberto Cortina's world fell apart. A magazine published pictures of him and Marta leaving a hotel in Vienna. Cortina was forced to leave home and his wife's shares in the construction company are now being managed by Alcover.

The gutter press, delighted that at last a pretty girl had become part of a story too complicated to report in pictures, has put the Marquesa and Cortina through terrible humiliation by publishing a revealing picture of her sitting in a club wearing a very short skirt. Now divorced, Chavarri will probably leave town for Paris. Cortina's marriage, say friends, is probably over too.

None of this appears to have saved Conde and his merger. Alice Koplovitz quickly said their marital problems would not affect the companies involved and Cortina continues to work closely with his cousin. Even if he were to go, say insiders, Concycon and Cartera Central would not change their strategy much. Cortina, anyway, has key stakes in most of the group's quoted companies.

Boyer could play a key role in holding the team together. His wife was once married to the Marquesa de Cubas' brother, married her, for a while. Marta Chavarri's sister-in-law, although the two dislike each other, Boyer's sympathies in this tragedy will probably lie with Alberto Cortina, who is going to need all the friends he can get.

Despite the blow to Cortina, the great merger was on its deathbed last night. Rubio had tried and failed to get the Alberto's and Conde to settle their differences. But as the banking industry's chief supervisor, he had little option but to block or delay it. The Alberto's appear to have won. With the merger at an end, they would simply revert to their 13 per cent holding in Banco Central and leave Conde alone. For Conde, that in itself would be a bitter-sweet relief. KIO and De la Rosa, meanwhile, have become so uncomfortable with the politicking that they are trying to sell their 48.2 per cent share in Cartera Central on the market and the Alberto's will try to buy it although are stretched financially.

By late yesterday evening, Conde's quest for power seemed to be at an end. On Thursday, Abello finally abandoned the table altogether by resigning and putting his 3.3 per cent stake in Banesto, worth Pta 18bn, up for sale. A final twist of the knife is that Conde may not be allowed to buy Abello's stake for Banesto because it already owns too much of its own equity. The failure of the merger will be a blow to the Government, a personal disaster for Rubio, who intervened flagrantly to make it happen, and a mean new purgatory for Banco Central's chairman Escamez.

Mario Conde will continue to live in interesting times. Banesto's survival will demand every ounce of energy and intellect he possesses. But his could become a smaller world.

* Quoted from: "Asalto al poder", Mario Conde's revolution, by Jesus Cacho. 1988.

The Long View

End of the phoney war for sterling



Chickens are coming home to roost at the Treasury as well as the Department of Agriculture

unemployment down and cut taxes, the Government irresponsibly ignored the development of a credit-based boom.

The Government has still to face up to the consequences of its highly inflationary policies a year ago. In holding sterling at a level which is restraining domestic price rises, it is preventing a rebalancing of trade

and prolonging the period of serious external deficit.

Technically, however, this will be hard to sustain for long. The Government is unable to help finance the deficit by selling gilts to foreigners, as it used to do in the 1970s. Instead there is a heavy and hazardous dependence upon the attraction and retention of short-term flows — that is to say, hot money.

Governments following the second course will in practice find their task of managing the economy to fall rapidly, while broad money was still showing 18 per cent growth year-on-year in mid-January. The inflation warning signals continue to flash at red. At the very least Nigel Lawson will have to forgo the springtime base rate cut which have accompanied, or closely followed, every budget for the past eight years.

Brussels is gaining a certain grim satisfaction. This week one Henning Christopher, an EC economic commissioner, was seizing the opportunity to lash the troublesome and unco-operative British for indulging in excessive consumption and for rekindling inflation. But at least this year the UK Government can seek to lay some of the blame on others, as interest rates climb elsewhere in Europe and inflation rises in the US. Last year our problems seemed to come inexorably out of a clear blue sky.

How did we get here? Lulled into complacency by years of steady growth and low inflation, but impatient to bring

GUINNESS FLIGHT

GLOBAL HIGH INCOME BOND FUND

1st OUT OF 50 INTERNATIONAL BOND FUNDS - 12 MONTHS TO 31.2.89

10.8% gross dividend yield

+2.1% increase in capital value

12.9% overall growth (capital plus income)

12 months to 31.1.89 — offer to bid basis, excluding initial charges in Sterling with gross dividends reinvested. Source: Guinness Flight Fund Managers (Guernsey) Limited.

Source: Upper Overseas Fund Table (LOFT), 3.2.88.

GUINNESS FLIGHT FUND MANAGERS (GUERNSEY) LIMITED

P.O. Box 250, La Paliere, St Peter Port, Guernsey, Channel Islands. Telephone (0434) 71000 or Telex 4101284 GFL G.

Please send a prospectus and scheme particulars for the Guinness Flight Global Strategy Fund Limited, on the sole basis of which an investment may be made.

Name _____

Address _____

Country _____

The advertisement has been issued with the approval of Guinness Flight Global Strategy Fund Management Limited, a member of GFL and LTFUND and its investment adviser to the Guinness Flight Global Strategy Fund Limited. GFL and LTFUND are registered with the Commission for Financial Services.

CONTENTS

Diversions: An Amazon pow-wow	XIX	Survey: Personal pensions	VII-IX
Finance: About mortgages	III	Arts: Drama at the V&A	XXV
Sports: THE Fight	XXVI	Travel: Taking your car abroad	XI

Archaeology	XXX	Finance/Finance	XXXI
Books	XXX-XXX	Food	XXX
Bridge	XXX	Gambling	XXX
Cookery	XXX	How To Spend It	XXX
Crossword	XXX	Motoring	XXX
Entertainments	XXX-XXX	Property	XXX
Horoscopes	XXX-XXX	Small Business	XXX
Reviews	XXX-XXX	Treasury	XXX-XXX

Sport	XXXI
Stock Markets	XXX
London	XXX
New York	XXX
Survey	XXX-XXX
TV and Radio	XXX
Travel	XXX-XXX

MARKETS

LONDON

FINANCE & THE FAMILY: THIS WEEK

Low-start mortgages: as safe as houses?

Many home-owners – particularly those who bought at the peak of the market – are feeling the pinch of the recent increases in interest rates. Low-start mortgages can ease the burden in those difficult early years but, as David Barchard warns, there may be penalties later. And still on the mortgage front, John Edwards looks at ways of using a Personal Equity Plan to pay off your house loan. Page 81

Budget '89: what's on the cards

Richard Waters reports on the use of trusts to shift the tax burden between man and wife and warns that the Chancellor could change the rules; Heather Farmbrough asks if Nigel Lawson could end some of the benefits presently enjoyed by close companies in the Business Expansion Scheme; and Donald Elkin considers proposals to change residence guidelines for expatriates. Page V

Improving, but can do better

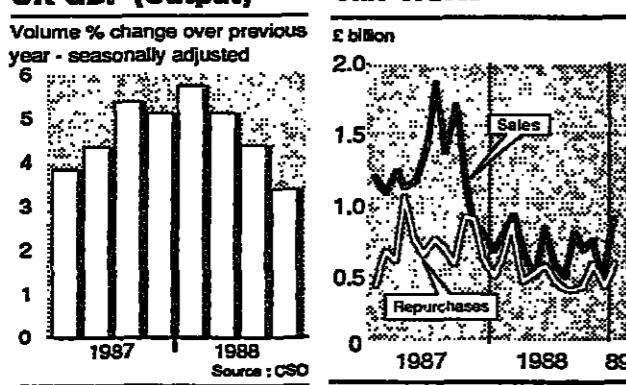
The original MIM Britannia unit trust group was formed in the early 1980s, but the company has undergone a series of far-reaching changes since then. Now, reports Christine Stopp, it is looking further to improve its management and investment track record. Page VI

Survey: personal pensions

A three-page special report on the personal pensions market: how to opt out of SERPS, how personal pensions work, where to turn to for advice, and more. Pages VII–IX

Minding your own business

Roy Hodson looks at a solicitors' partnership which specialises in small business matters, an entrepreneur who found success in Gothic design principles and a new book on starting your own company. Page X

■ INVESTMENT: Diary of a private investor: Page VI**■ BRIEFCASE: Assets won't be seized: Page VI****UK GDP (Output)****Slowdown in UK economic growth**

Economic growth in Britain slowed considerably in the final three months of 1988, according to preliminary estimates released earlier this week. After allowing for the effects of inflation, real output in Britain rose by 0.1 per cent in the December quarter, compared with the previous three month period. But growth was 3.5 per cent higher than over the same period at the end of 1987, while over the year, the economy as a whole grew by 4.5 per cent. Output has also slowed in service industries, judging by preliminary figures. *Heather Farmbrough*

Unit trusts sales rally

Sales of unit trusts rallied strongly in January, according to figures issued this week by the Unit Trust Association. The jump in sales to £845.9m, compared with £409.8m in December and £630m in January 1988, took the total value of funds under management in unit trusts to £45.9bn – the highest figure since September 1987, just before the crash. However, repurchases (investors selling units) were also at a high figure of £321.2m in January and the number of unitholder accounts continued to decline (to 4.84m against a peak of 5.08m a year earlier) in spite of the number of funds available rising to 1,265. These figures suggest that individual, private investors have used the rise in stock market values as an opportunity to sell out, while the main buying support is coming from institutional investors. *John Edwards*

Fall in building societies' receipts

Building societies' net receipts were down by 12 per cent over January 1989, compared with the same month in 1988. January's figure (£784m) was also down on December's (£919m). The decline partly reflected the delay in response by some societies to the rise in bank base rates at the end of December, and the introduction of the new National Savings Capital Bond. Inflows may also have been affected by the stock market rally last month. Building societies committed £2.25bn to new borrowers – a similar level to the previous month's figure. Over the second half of 1988, building societies also took possession of 6,380 properties, a 35 per cent fall on the figure for the first half of 1988. *H.F.*

Ethical fund in the clear

Credit Suisse Buckmaster & Moore's ethical fund, the Fellowship Trust, is once again in the clear. According to a recent survey by EIRIS (The Ethical Investment Research Service) called "Choosing an ethical fund," a small proportion of the fund was invested in companies with South African subsidiaries. It became clear that this was because one company had a subsidiary in South Africa at the time of the EIRIS survey. Normally, as a result of this information, the fund manager would have been required to sell the investment, but in fact Buckmaster established that the subsidiary itself had been sold. *H.F.*

FOR THE private investor, there has always been something special about ICI. Over the years other giants of British industry have dwindled, collapsed or been taken over, but ICI is still up there, toe to toe with foreign competition, among the biggest and most profitable chemical companies in the world.

This week, it produced another set of record profits – up 12 per cent, to nearly £1.5bn before tax – and in a striking gesture of confidence, pushed up its dividend by 22 per cent. But the shares did nothing. At 1180p or so, they yield far more than the average UK industrial share – 5.7 per cent, compared with 3.9 per cent – and are almost 30 per cent cheaper in price/earnings terms.

To understand this, you have to grasp the force of an old City saying: once a cyclical, always a cyclical. At this point, any ICI manager reading this will put the paper down with a groan, or worse. But the fact is that the bulk chemicals business is, and always will be, wickedly cyclical.

In the last big slump of the early 1980s, ICI's petrochemicals

High, low, quick, quick slow for the Footsie

THE LONDON market could have been dancing to a Strauss this year. First, the long sweeping steps; then a patch of pianissimo shuffling.

This week was one of its less exuberant phases, with the FT 100-Share Index showing a modest 1 per cent drop on the week's starting level by Friday afternoon – albeit via some fairly sizable daily swings.

That, perhaps, is scarcely surprising. After the heady run at the start of '89, some consolidation always looked likely. Economic uncertainties, if potentially less alarming than they appeared last autumn, still abound, and were only compounded by sterling's slide last week.

Moreover, the takeover bid scene, which can generate a good deal of market froth, appears to have hit a lull – the giant Minorco-Consolidated Gold Fields tussle notwithstanding. And the corporate reporting season – which may generate some indications about the extent to which the interest rate squeeze is impact-

ing on business prospects – is only just getting into its stride.

But it is the economic picture, in particular the prospects for interest rate levels, which was the driving force behind the market gyrations. On Monday, trading opened on a surprisingly firm note, with the Treasury claiming that new figures from the Bank of England provided further evidence that the consumer boom is easing. Of particular merit were the statistics for UK clearing bank lending to the personal sector in January, which showed the smallest rise since February 1987.

That was almost more exciting than the commencement of Britain's largest takeover bid. Now cleared by the Monopolies and Mergers Commission, Minorco returned with a new £3.2bn offer for Consolidated Gold Fields, with cash-and-share terms worth around £1.40 a share. But neither the reopening of hostilities nor the price offered caused the market much surprise. The offer was seen primarily as a

sighting shot ahead of the asset valuation which Gold Fields is expected to publish in its defence, and shares in the mining house climbed a modest 8p to £14.43.

Nevertheless, it did nothing to discourage an already cheerful market, and by the close Footsie had climbed almost 23 points higher amid SEAQ turnover of 465m shares – fairly modest by the standards set earlier in the year.

Tuesday was less happy. Grim noises sounded by Alan Greenspan, head of the Federal Reserve, about US economic

progress sliced back Footsie's early gains. And come Wednesday, further signs of US inflationary pressures and a sagging pound dealt a swift blow to vague hopes of an early cut in UK interest rates. Footsie slumped by more than 27 points.

A day later, it was the turn of Chancellor Nigel Lawson to underline that message and add that next month's Budget will be "prudent and cautious." That was, plus some Bank of

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1988/89 High	1988/89 Low	
FT Ord. Index	1663.4	-14.7	1714.7	1349.0	Sterling & interest rate worries.
BTR	347	+11	355	288	Doubled profits at Australia's unit.
Bass	963	+23	979	733	Strong demand ahead of MMC report.
Bullers	41	+10	51	25	Tributed annual profits.
Church (Charles)	107	+13	139	73	Possible Church family buy-out.
Cons. Gold Fields	1480	+25	1478	758	New Minorco offer.
English China Clays	519	+15	526	370	Broker's seminar.
General Accident	933	-60	1007	794	NZI losses.
Greenvale Whitley	328	+28	334	178	Revived bid speculation.
Hickory Pentecost	105	+16	108	51	Robertshaw Hedges increases stake.
Local London	548	+56	555	408	£111m bid from Priest, Mariana.
Lowe Howard-Spink	394	+23	414	317	Brokers' recommendations.
Placido Radio NV	308	+16	332	55	Bid move by Miss World.
Recal Telecom	283	+19	288	158	Goldman Sachs upgrading.
Sainsbury (4)	220	-13.2	250	188	Brokers downgrade profit forecasts.

ALL WAS very well on Wall Street as long as investors were lulled by comforting words from Alan Greenspan. Believing his assertion that he was licking inflation, the stock and bond markets streaked ahead in an ebullient New Year rally.

The trouble was that until this week few questioned either how bad the inflationary pressures were, or whether the Fed was long on words but short on action. Then, suddenly, on Wednesday the markets woke up to inflation. Their optimistic mood evaporated in a flash, turning the chairman of the Federal Reserve from hero to villain overnight.

"The markets have suffered a psychological trauma," diagnosed one miserable analyst.

In a furious sell-off, stocks lost in three days more than one-third of the gains they had made in the previous eight weeks. The Fed responded by trying to reassure the market that it still had the whip hand over inflation. It jangled up again the Fed Funds rate, the benchmark for short-term interest rates, and increased its discount rate to 7 per cent from 6.5 per cent. Banks reacted to the higher cost of money by raising their prime lending rate by half a percentage point to 11.5 per cent.

Like most dramatic turns in the market, this week's – at least on the surface – was triggered by relatively minor events. Sometimes a handcap starts an avalanche. In hard statistical terms the most damaging news came on Wednesday with a 0.6 per cent increase in January in the consumer price index. The rise was a mere 0.1 of a percentage point more than the markets expected but it was the biggest increase in two years, prompting the most alarmist analysts to suggest that the wage-price inflationary spiral had begun at last.

In psychological terms, the greatest damage was done by Greenspan when he appeared before Congress this week to deliver his semi-annual economic report. He said nothing about inflation which he had not said before, but unfortunately the markets were wanting stronger words and actions to dispel any doubts about the Fed's independence.

The question had arisen the previous week when President George Bush said that inflation was nothing to worry about, let alone worthy of a big increase in interest rates to curb it. It looked like a replay of Washington's oldest political spat – White House versus the Fed. Statements from the President and the chairman that they were not far apart in their thinking hurt, not helped, the markets.

Greenspan's economic

report was not very reassuring. The Fed has raised its forecast of the range for inflation this year to between 4.5 and 5 per cent from between 3 and 4.5 per cent made six months ago. It boosted its estimate of real growth rate to between 2.5 and 3 per cent from 2 to 2.5 per cent.

Most people on Wall Street believe, as the Fed does, that the economy will slow and inflationary pressure ease later this year. The question is, will the Fed play its policy cards well to achieve such a soft-landing? Pessimists of all persuasions can find something to worry about. Some say Greenspan will fail to tighten monetary policy enough and so prolong inflation's damage; others say he will tighten too much and

report was not very reassuring. The Fed has raised its forecast of the range for inflation this year to between 4.5 and 5 per cent from between 3 and 4.5 per cent made six months ago. It boosted its estimate of real growth rate to between 2.5 and 3 per cent from 2 to 2.5 per cent.

Most people on Wall Street believe, as the Fed does, that the economy will slow and inflationary pressure ease later this year. The question is, will the Fed play its policy cards well to achieve such a soft-landing? Pessimists of all

persuasions can find something to worry about. Some say Greenspan will fail to tighten monetary policy enough and so prolong inflation's damage; others say he will tighten too much and

report was not very reassuring. The Fed has raised its forecast of the range for inflation this year to between 4.5 and 5 per cent from between 3 and 4.5 per cent made six months ago. It boosted its estimate of real growth rate to between 2.5 and 3 per cent from 2 to 2.5 per cent.

Most people on Wall Street believe, as the Fed does, that the economy will slow and inflationary pressure ease later this year. The question is, will the Fed play its policy cards well to achieve such a soft-landing? Pessimists of all

persuasions can find something to worry about. Some say Greenspan will fail to tighten monetary policy enough and so prolong inflation's damage; others say he will tighten too much and

report was not very reassuring. The Fed has raised its forecast of the range for inflation this year to between 4.5 and 5 per cent from between 3 and 4.5 per cent made six months ago. It boosted its estimate of real growth rate to between 2.5 and 3 per cent from 2 to 2.5 per cent.

Most people on Wall Street believe, as the Fed does, that the economy will slow and inflationary pressure ease later this year. The question is, will the Fed play its policy cards well to achieve such a soft-landing? Pessimists of all

persuasions can find something to worry about. Some say Greenspan will fail to tighten monetary policy enough and so prolong inflation's damage; others say he will tighten too much and

report was not very reassuring. The Fed has raised its forecast of the range for inflation this year to between 4.5 and 5 per cent from between 3 and 4.5 per cent made six months ago. It boosted its estimate of real growth rate to between 2.5 and 3 per cent from 2 to 2.5 per cent.

Most people on Wall Street believe, as the Fed does, that the economy will slow and inflationary pressure ease later this year. The question is, will the Fed play its policy cards well to achieve such a soft-landing? Pessimists of all

persuasions can find something to worry about. Some say Greenspan will fail to tighten monetary policy enough and so prolong inflation's damage; others say he will tighten too much and

report was not very reassuring. The Fed has raised its forecast of the range for inflation this year to between 4.5 and 5 per cent from between 3 and 4.5 per cent made six months ago. It boosted its estimate of real growth rate to between 2.5 and 3 per cent from 2 to 2.5 per cent.

Most people on Wall Street believe, as the Fed does, that the economy will slow and inflationary pressure ease later this year. The question is, will the Fed play its policy cards well to achieve such a soft-landing? Pessimists of all

persuasions can find something to worry about. Some say Greenspan will fail to tighten monetary policy enough and so prolong inflation's damage; others say he will tighten too much and

report was not very reassuring. The Fed has raised its forecast of the range for inflation this year to between 4.5 and 5 per cent from between 3 and 4.5 per cent made six months ago. It boosted its estimate of real growth rate to between 2.5 and 3 per cent from 2 to 2.5 per cent.

Most people on Wall Street believe, as the Fed does, that the economy will slow and inflationary pressure ease later this year. The question is, will the Fed play its policy cards well to achieve such a soft-landing? Pessimists of all

persuasions can find something to worry about. Some say Greenspan will fail to tighten monetary policy enough and so prolong inflation's damage; others say he will tighten too much and

report was not very reassuring. The Fed has raised its forecast of the range for inflation this year to between 4.5 and 5 per cent from between 3 and 4.5 per cent made six months ago. It boosted its estimate of real growth rate to between 2.5 and 3 per cent from 2 to 2.5 per cent.

Most people on Wall Street believe, as the Fed does, that the economy will slow and inflationary pressure ease later this year. The question is, will the Fed play its policy cards well to achieve such a soft-landing? Pessimists of all

persuasions can find something to worry about. Some say Greenspan will fail to tighten monetary policy enough and so prolong inflation's damage; others say he will tighten too much and

report was not very reassuring. The Fed has raised its forecast of the range for inflation this year to between 4.5 and 5 per cent from between 3 and 4.5 per cent made six months ago. It boosted its estimate of real growth rate to between 2.5 and 3 per cent from 2 to 2.5 per cent.

Most people on Wall Street believe, as the Fed does, that the economy will slow and inflationary pressure ease later this year. The question is, will the Fed play its policy cards well to achieve such a soft-landing? Pessimists of all

persuasions can find something to worry about. Some say Greenspan will fail to tighten monetary policy enough and so prolong inflation's damage; others say he will tighten too much and

report was not very reassuring. The Fed has raised its forecast of the range for inflation this year to between 4.5 and 5 per cent from between 3 and 4.5 per cent made six months ago. It boosted its estimate of real growth rate to between 2.5 and

FINANCE & THE FAMILY

David Barchard looks at a type of housing loan where the attraction can wane after the initial period

Start low . . . but beware of the costs later

LOW-START mortgages look attractive. For first-time buyers, or for those who bought their homes when prices were low and are now trying to live with high interest rates, the idea of deferring part of the monthly payments often looks a godsend. All the main mortgage lenders, including building societies, have begun to offer low-start products in the past few months in the hope of creating extra business in a depressed market. The variety available seems bewildering at first sight.

Abbey National, for example, launched three low-start mortgages at the beginning of this month. They include a flexible term mortgage which extends the length of the mortgage from the standard 25 years to 35; a low-start endowment mortgage which offers lower monthly premiums on an endowment mortgage, rising by steps over five years; and a two-year lower repayment mortgage on which borrowers pay interest only for the first 24 months.

The drop in outgoings for those who take out these mort-

gages is enormous. On the flexible term mortgage, for instance, monthly payments on a £20,000 loan would drop by about £14 to £237. On the lower repayment mortgage, the equivalent reduction is for £20. Savings of this sort are not going to bail many home-owners out of their financial problems.

Nonetheless, many people are turning to low-start mortgages with just this in mind. "We are seeing a lot of people, particularly employees of large companies, who are being hit by the building societies about to raise their rates in their annual reviews. They are looking for alternative ways of keeping costs down," says Andrew Holloway, mortgage director at Berry, Birch and Naylor.

Are low-start mortgages like? On this kind of mortgage, you pay a fixed amount even though the interest rate being charged on your loan varies with changes in the base rate. The difference is being added to your debt. After a specified number of years, the fixed rate might end and the customer starts to service the mortgage in the usual way. The risk here is that if rates drop, the borrower could lose.

2. The percentage cut for a fixed period. In this sort of mortgage, customers will agree to pay a fixed percentage below

the normal rate - usually 3 per cent - for a two or three year period. This option, Knight says, is very popular even though both methods mean the borrower is storing up extra debt.

If house prices are rising and incomes are going up, this might not be much to worry about. An increase of 11 per cent in your mortgage debt over three years will - if the trends of the housing market in recent years are maintained - lag far behind the rise in the value of your home.

Furthermore, the low-start mortgages offered by the centralised lenders offer relief of considerably more than £10 or £20 a month. On a £20,000 mortgage, Knight estimates that a home-owner can expect to pay £100 less a month. National Home Loans says a borrower can save £150 a month on his normal outgoings, and a further £50 a month by using its lower payment facility.

After the grace period is over, of course, he will find himself paying approximately twice that amount of interest in extra

mortgage outgoings. If his income has not gone up steadily in the meanwhile, he could be in difficulties.

Still, there are some short term advantages, apart from the reduced payment. Lenders often advance money at higher multiples of incomes on low-start mortgages, sometimes being ready to offer mortgages of up to 3.5 times joint incomes. Furthermore, borrowers have a pretty clear idea of what they will be paying for several years ahead.

Lenders generally do not like advancing more than 85 to 95 per cent of the value of the house, which is why low-start mortgages tend to go to second-time buyers trying to move quickly up the housing ladder rather than to first-timers trying to get on it.

Are there snags? Borrowers

should always check the true rate being charged, says Holloway. "For example, the Chelsea Building Society is offering a mortgage at four times income, but the true charge is 14.5 per cent with an option to defer up to 40 per cent. That is an awful lot of interest to be

deferring. And on the Bank of Scotland stabilised mortgages, on which borrowers pay between 9.5 and 11.5 per cent, the true charge is 2 per cent above base rate, or 15 per cent at present."

He thinks that low starts are generally not in the interest of first-time buyers. Other mortgage brokers warn that for those on relatively low salaries without prospects of a steady increase in their earning power, the increased payments after the first two or three years can be hard to deal with.

Look carefully at some of the new products being offered by the building societies. They have got into the low-start mortgage act relatively late, partly because of the problems of introducing specialist software on the necessary scale.

Barclays' new card is called Assent and it will be a MasterCard. Holders will not have to pay an annual charge, but will with the card enjoy a free credit period which has gone with credit cards up until now.

However, interest on it will be 19.5 per cent annually, well below the 26.8 per cent charged on Barclaycard.

If you want the Assent card, you will have to agree to make a fixed monthly payment from your bank by standing order.

If your Assent account goes into credit, you will not be paid any interest.

Your credit limit will be fixed at 25 times the amount you decide to pay through standing order.

Is this a raw deal? Peter Ellwood, chief executive of Barclays Retail Services, thinks not. "This is a card for the responsible borrower who wants to play ahead," he says.

In other words, if you are in need of continuous credit, then it might suit you to shift from Barclaycard's higher interest rate down to Assent. Many intelligent credit card-users are not in this situation but there are plenty of people who are. Most use the justly-maligned store cards to purchase consumer durables and other necessities - and are paying through the nose to do so.

Interest rates on most of these cards are more than 30 per cent annually and in some cases above 40 per cent. It seems astonishing that people buy things at such painful interest rates when lower ones are available so easily elsewhere.

These people probably would

INTEREST RATE COMPARISONS

Interest Rate	Type of Card
Visa and Mastercard	
Barclays Assent 19.9% APR	
Lloyds Access 25.5% APR	
Midland Access 26.5% APR	
NatWest Access 25.5% APR	
Barclaycard 26.5% APR	
Chase Manhattan 22.5% APR	
Co-Operative 26.5% APR	
Girobank 25.5% APR	
Halifax 20.5% APR	
Leeds Permanent 25.5% APR	
Save and Prosper 22.7% APR	
Trustcard 28.7% APR	
Optima (Amex) 38.1% APR on £500 balance	
18% APR on £5,000 balance	

Store Budget Cards	
Argus 38.4% APR*	
C & A 34.4% APR*	
Chelsea Girl 32.3% APR*	
Creditcharge 39.5% APR*	
Currys 41.7% APR*	
Dixons 33.7% APR	
Marks & Spencer 34.5% APR	
Miss Selfridge 34.4% APR	
Next 38.4% APR*	

Store Option Cards	
Barclays 32.2% APR*	
John lewis 34.4% APR*	
Levi's 32.5% APR*	
Laura Ashley 34.4% APR*	
Next 19.5% APR	

*APR is a few per cent lower if paid by Direct Debit or Standing Order

Source: Barclays

Three more ways to spend

THE PROLIFERATION of credit cards on the market continued this week with Save & Prosper, Allied Irish and Barclays all putting their latest

to the public.

Save & Prosper and Allied Irish will charge annual fees for their cards of £3 and £12 respectively. Interest will be levied at around 1.5 per cent a month, or about 18.5 per cent annually.

Barclays' new card is called Assent and it will be a MasterCard. Holders will not

have to pay an annual charge, but will with the card enjoy a free credit period which has gone with credit cards up until now.

However, interest on it will be 19.5 per cent annually, well below the 26.8 per cent charged on Barclaycard.

If you want the Assent card, you will have to agree to make a fixed monthly payment from your bank by standing order.

If your Assent account goes into credit, you will not be paid any interest.

Your credit limit will be fixed at 25 times the amount you decide to pay through standing order.

Is this a raw deal? Peter Ellwood, chief executive of Barclays Retail Services, thinks not. "This is a card for the responsible borrower who wants to play ahead," he says.

In other words, if you are in need of continuous credit, then it might suit you to shift from Barclaycard's higher interest rate down to Assent.

Many intelligent credit card-users are not in this situation but there are plenty of people who are. Most use the justly-maligned store cards to purchase consumer durables and other necessities - and are paying through the nose to do so.

Interest rates on most of these cards are more than 30 per cent annually and in some cases above 40 per cent. It seems astonishing that people buy things at such painful interest rates when lower ones are available so easily elsewhere.

These people probably would

benefit from switching to Assent, and Barclays says that it is planning a 5pm advertising campaign to spread the news about the card.

Assent will be looking for customers who Save & Prosper would be unlikely to accept. S&P is seeking young professionals with good future prospects and a reasonable salary already. They have to prove that they are home-owners.

Allied Irish - which has had the useful idea of linking a cheque book to its credit card, so that those payments which have to be made using a cheque can be drawn on the credit card account - says that it plans to market its card mainly through its 34 branches. It will not require customers to be home-owners.

This is not the end of the credit card flood. Brace yourselves for future offerings by NatWest and Midland, among the larger banks, which both plan new visa cards.

Finally, it still looks probable that Barclays and other big issuers are planning to introduce annual charges for cards that are issued free at present.

D. B.

John Edwards examines a new way to pay off your property
Putting PEP into a mortgage

USING A Personal Equity Plan (PEP) as a vehicle for repaying your mortgage has a lot of on-the-surface attractions. Dominion Investment Management, the Brighton-based financial services group, makes the most of them in the promotional literature for its tax-free mortgage repayment plan launched this week - believed to be the first PEP mortgage scheme to be introduced.

The basic advantage of using a PEP in this way is that you get all the benefits of a tax-exempt scheme without all the restrictions that come with a pension plan. So, effectively you get tax relief both on your mortgage interest payments, up to the limit of £20,000, and on the capital repayment.

Unlike a pension mortgage, your money is not locked away until retirement age; you can withdraw money from a PEP at any time and need to keep it there for only just over one calendar year to retain the tax concessions.

In addition, there is no restriction, as with pensions, on the amount that can be taken out in the form of a lump sum to repay the mort-

gage.

In theory you have the best of both worlds: the benefits of a tax-free savings vehicle, and considerable flexibility to pay off your mortgage early or take tax-free income or capital. Why, therefore, has the PEP mortgage been so slow in coming?

One practical reason is that, under PEP regulations, the mortgage lender is not allowed to make a formal charge on the PEP. In other words, it can insist on you using the proceeds of the PEP to repay the mortgage loan.

But the same applies to pensions, which also have a limit on the lump sum that can be paid (now £20,000), and pension mortgages have proved extremely popular in recent years.

Another basic problem, though, has been the unpopularity of PEPs as a long-term investment. For a start, the

maximum contribution is £3,000 annually (it was £2,400 originally) and the plan has to be renewed each year.

There is no guarantee that the Government will continue PEPs in their present form; indeed, there is every chance that radical changes will be announced in this year's Budget following the PEPs appeal to investors.

Peter Shepherd of Dominion is not worried by these points. He notes, for example, that a husband and wife between them can put £6,000 into a PEP each year, which should be enough to repay a substantial mortgage over a period of 25 years. He feels any changes in the Budget will enhance, rather than reduce, the benefits of PEPs.

Another fundamental problem with PEPs is that, at present, the bulk of investment is confined to UK stocks only and there is precious little

room for manoeuvre if the London market takes a dive. These restrictions on the size, and type, of investment makes PEPs high risk, and further regulations also make them costly, so additional charges tend to offset the benefits gained from the tax-free concessions that should boost the performance of the fund.

Shepherd points out that Scottish Amicable has been appointed investment adviser to Dominion's plan and that, over a long-term period, the returns from UK equity tax-exempt funds have been good. In any event, the plan will be reviewed every five years and the investor will be free to use any surplus sums as required.

However, although there are no surrender penalties, don't expect much if you do decide to cash in early because the charges - and, in particular, the deductions made from your first-year contributions

are steep, to say the least. The first year (initial) charge, taken at the beginning of the plan, is based on the term of the mortgage and the annual subscription. This is calculated by deducting 3% (37.5 per cent) plus VAT from the first year's contributions to cover the first 10 years of the plan, plus 1/48th of subscriptions for the next 10 years and 1/60th for subsequent five-year periods. This totals up to 66.6 per cent (two-thirds) for a 25-year plan, or £4,000 out of a £6,000 contribution.

"This charge will not be refundable in the event that the plan is terminated or the PEPs transferred within such period," according to the promotional brochure. What is more: "For monthly cases, an additional charge of £1 plus VAT is applied."

But that is not all. In addition, there is an annual management charge of 1.25 per cent

arranged bank loans.

Peter has invested £140,000 in Enterprise Zone property, £30,000 in BES and his remaining tax liability is mapped up by personal allowances and mortgage and pension tax relief.

He is taking advantage of special tax concessions offered through Business Expansion Schemes (BES) and Enterprise Zone property investment, which together will completely eliminate his tax liability.

What's more, he won't have to dig deep into his pockets to do this as all his investments are totally self funding, through specially

arranged bank loans.

Peter has invested £140,000 in Enterprise Zone property, £30,000 in BES and his remaining tax liability is mapped up by personal allowances and mortgage and pension tax relief.

Charles Fry, Chairman of Johnson Fry, a company that specialises in BES and Enterprise Zone investment, comments: "All higher rate tax payers should be examining BES and Enterprise Zones very closely."

The Assured Tenancy Scheme effectively enables investors to invest at a 40% discount, in companies that buy and rent out residential property. This is the first year

that this type of investment has been available. BES has a £40,000 limit per person, so the wealthier individual should also be looking at Enterprise Zone investment which enjoys full tax relief on approximately 95% of the investment.

"One important point to stress, however, is that people should invest now before possible Budget changes."

Why pay money to the taxman when you can utilise the same money (without any further capital outlay) to make good quality property investments instead?"

All index funds may seem the same until you talk to Gartmore.

Invest in Britain's shipping industry

Short Sea Europe PLC

A European Coastal Shipping Company raising up to £5 million under the Business Expansion Scheme

Sponsored by

Development Capital Group Securities Limited
(a wholly owned subsidiary of Lazard Brothers & Co. Limited)

An unusual opportunity to participate in an important niche sector of the shipping industry — the transport of dry cargoes on short sea voyages within Europe

Short Sea Europe will buy and operate modern second hand ships

Freight rates anticipated to increase owing to shortage of suitable ships

Experienced management with strong performance-based incentives

This advertisement is not an invitation to subscribe for shares. Applications to invest in Short Sea Europe PLC will only be accepted on the basis of the Prospectus and the application form contained therein. Investment in the Company may not be suitable as a medium or short-term investment.

The Sponsor would like to point out that the shares are not quoted on the Stock Exchange and that it may be difficult to sell them or to obtain reliable information about their value. The value of shares may go down as well as up and investors may not get back the amount they invested. Furthermore, relevant fiscal rules and their interpretation may change.

This advertisement has been approved by an authorised person under the Financial Services Act 1986.

Please send me a copy of the Prospectus for **Short Sea Europe PLC**

Name _____
(BLOCK CAPITALS PLEASE)

Address _____

Postcode _____ FT 25/2

**ROWNTREE plc**

(the "Company")

NOTICE TO HOLDERS OF WARRANTSRelating to 7½% Bonds 1989 to Subscribe
Ordinary Shares in the Company (the "Warrants")

NOTICE IS HEREBY GIVEN THAT a meeting of the holders of the Warrants will be held at Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2ES on 20 March 1988 at 3.30 p.m. for the purpose of considering and if thought fit passing the following resolution as an Extraordinary Resolution:

THAT:-
(1) the outstanding Warrants relating to the 7½% Bonds 1989 of the Company (the "Warrants") be and hereby are redeemed at a price of £2,257.57 per Warrant (the "Redemption Price") payable by the Company in accordance with sub paragraph (2);

(2) the Redemption Price will be paid against the delivery of the Warrant certificates to the office of the Receiving Agent specified in the Warrant Agreement and listed in paragraph A1 at the foot of this Notice; and

(3) pending payment of the Redemption Price to the holders of the Warrants entitled thereto, such proceeds shall be held by the Company on an interest bearing deposit account with Barclays Bank plc on trust for the holders of the Warrants.

NOTES:
(1) Only a registered Warrantholder or his proxy is entitled to attend and vote. A proxy need not also be a Warrantholder.
(2) Forms of proxy must be delivered to the registered office of the Company not less than 48 hours before the time fixed for the meeting.
(3) The offer, originally made on 7th July 1988, and closed and immediately reopened on 2nd February 1989, (the "Warrant Offer") by County NatWest Limited on behalf of Nestlé Holdings (UK) PLC to acquire all of the outstanding Warrants at £2,257.57 in cash for each Warrant (and otherwise subject to the terms and conditions of the Warrant Offer) still remains open for acceptance. Copies of the offer document together with the relevant forms of acceptance are available from the Agents listed in paragraph B below. The Warrant Offer will close immediately prior to the meeting.
(4) The listing of the Company's shares on The International Stock Exchange in London has been cancelled.

(5) An explanatory circular is being sent by the Company to the registered Warrantholders. Copies of the above circular may be obtained from the Agents listed in paragraph B below.

Dated 23 February 1988
By Order of the Board: K. H. M. Dixon
Registered Office: Rowntree plc, York, YO1 1XY.

A. Receiving Agent:
J Henry Schroder Wagg & Co Limited
120 Cheapside London EC2V 6DS

B. Agents:
Bankers Trust Company
Dashwood House
69, Old Broad Street
London EC2P 2EE

Bank Générale du Luxembourg
14, Rue Aldringen
Luxembourg

This notice has been approved by County NatWest Limited, a member of The Securities Association.

MARKETLINK
THE WAY FORWARD FOR SHARE DEALING
AND HIGH INTEREST BANKING

Marketlink combines the benefits of a high interest cheque account through our associate Edington — directly linked to money market rates — with the added attraction of a very competitively priced share dealing service, particularly suited to financially aware individuals seeking maximum returns on easily accessible cash.

The minimum opening balance is £2,500 but with Marketlink the high interest rates apply on cleared balances of just £1,000 or more (rather than the usual £25,000 or £50,000) with the extra bonus of your cash being

12.5%

ANNUAL GROSS RATE

SHARE DEALING COMMISSION

£20 MINIMUM

PER TRADE

FINANCE & THE FAMILY

Richard Waters on the use of trusts to shift the tax burden between man and wife

Keeping married couples separate

NEXT YEAR sees the introduction of a system for taxing husbands and wives separately. In advance of that this year's Budget is likely to contain provisions to prevent married couples using the new rules to avoid tax artificially.

The Government's main concern is that husbands may simply transfer investment income to their wives without at the same time passing over ownership of the assets from which the income is derived. This is against the spirit of separate taxation: the Government's aim is to free women from a system which does not allow them to be taxed separately on their independent wealth.

The Government's concern centres on the use of trusts which can be used to separate ownership of assets from the husband's generation. A husband could transfer his savings into trust and give his wife an interest in the income. The beneficiary of the assets themselves could be left to the discretion of the husband. This could enable the wife to use up her tax-free or lower-rate tax band under separate taxation without at the same time giving her control over the assets.

This type of arrangement will almost certainly come under attack in the Budget. The Government's concern has also led to a wider review of the taxation of trusts, under way since last summer.

Trusts (or settlements) are ways of giving away assets or income without making an outright gift. They are mainly used to reduce the impact of inheritance tax, but have capi-

tal gains and income tax advantages as well.

Accumulation and maintenance (A&M) settlements are the primary tool of inheritance tax planning. Assets are usually transferred into an A&M trust for children or grandchildren. Parents or grandparents can retain control by becoming trustees. To qualify, the beneficiaries must become entitled to at least the income from the trust by the age of 25.

There is no limit to the amount that can be transferred into the trust, and no inheritance tax falls due provided the person making the gift survives for at least seven years.

A&M trusts cannot be used in cases where at the time of setting up the settlement the beneficiaries have already reached the age of 25. In these cases an "interest in possession" (or fixed interest) trust provides many of the same advantages. These are trusts in which a named beneficiary is currently entitled to the income. The difference between these and other trusts is not easy to define and is subject to complex case law.

Since March 1987 transfers into an interest in possession trust have been treated in the same way as those into an A&M trust. However, unlike an A&M settlement, anyone who has an interest in the trust must survive for at least seven years after passing on the assets, otherwise inheritance tax is applied.

The third main type, a discretionary trust, is treated differently for inheritance tax purposes. The entitlement of

the beneficiaries is not specified as the name suggests, it is at the discretion of the trustees. These are the most flexible type of trust but suffer a number of restrictions as a result.

For example, there is a limit on the amount that can be

put the assets into trust as the name suggests, it is at the discretion of the trustees. These are the most flexible type of trust but suffer a number of restrictions as a result.

For example, there is a limit on the amount that can be

put the assets into trust as the name suggests, it is at the discretion of the trustees. There is also a tax charge when assets come out of trust, again not exceeding 6 per cent.

A discretionary trust can exist for up to 30 years, providing freedom from inheritance tax for the beneficiaries over a long period of time.

Trusts can also be used to save income and capital gains tax, as well as inheritance tax. Income accumulating in an A&M trust is taxed at 35 per cent. The Government has accepted that this is an unnecessary burden and has promised to review the situation — such changes could be included in the Budget.

A second advantage is that up to the first £2,500 of gains made in a trust each year is free of tax. This is a useful addition to the £2,000 personal exemption: for someone paying tax at 40 per cent, it saves up to £1,000 of tax each year.

Besides these arrangements, off-shore settlements are a popular tool for reducing the impact of CGT. When an asset in an off-shore trust is sold, no UK tax falls due as the tax is only payable when the trust capital is paid to a UK resident beneficiary. This makes it possible to defer the tax. Also, the tax can be avoided altogether by becoming non-resident.

It is widely thought that the Chancellor will put a stop to the tax advantages of these trusts in this year's Budget. The laws relating to trusts are complex so it is one area where it is essential to get help from lawyers, accountants or other professionals.

The article was compiled with the help of Peter Bauer, a tax partner at Price Waterhouse.

transferred into such a trust tax-free. The limit is £10,000 over seven years. The contribution can be doubled if both husband and wife contribute their full £10,000. In addition, individuals have an annual inheritance tax exemption of £2,000, so this amount can be added to the tax-free year. The trust fund itself is free of inheritance tax for a beneficiary who is not entitled to income.

Also there is an arbitrary tax charge every ten years on the assets in the trust. However, this is not too onerous as it does not exceed 6 per cent and the trust may not be taxable at all if the assets are worth less than £10,000. It is possible to reduce the impact of the ten-yearly charge by breaking up

the assets and setting up a series of trusts. There is also a tax charge when assets come out of trust, again not exceeding 6 per cent.

A discretionary trust can exist for up to 30 years, providing freedom from inheritance tax for the beneficiaries over a long period of time.

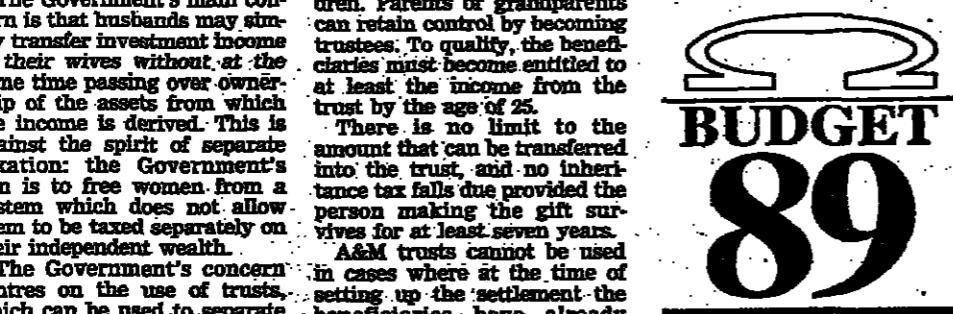
Trusts can also be used to save income and capital gains tax, as well as inheritance tax. Income accumulating in an A&M trust is taxed at 35 per cent. The Government has accepted that this is an unnecessary burden and has promised to review the situation — such changes could be included in the Budget.

A second advantage is that up to the first £2,500 of gains made in a trust each year is free of tax. This is a useful addition to the £2,000 personal exemption: for someone paying tax at 40 per cent, it saves up to £1,000 of tax each year.

Besides these arrangements, off-shore settlements are a popular tool for reducing the impact of CGT. When an asset in an off-shore trust is sold, no UK tax falls due as the tax is only payable when the trust capital is paid to a UK resident beneficiary. This makes it possible to defer the tax. Also, the tax can be avoided altogether by becoming non-resident.

It is widely thought that the Chancellor will put a stop to the tax advantages of these trusts in this year's Budget. The laws relating to trusts are complex so it is one area where it is essential to get help from lawyers, accountants or other professionals.

The article was compiled with the help of Peter Bauer, a tax partner at Price Waterhouse.



Lawson could close BES loophole

IF THE experience of past years is anything to go by, the Chancellor is unlikely to leave the Business Expansion Scheme alone in this year's Budget. Nigel Lawson's most likely target is the close company — defined as one controlled by five or fewer shareholders and eligible for lower rates of corporation tax (25 per cent instead of 35 per cent). There are about 1,000 BES companies which also are close companies but, until this year, they have tended to be small issues, raising capital privately.

However, the picture has changed since the introduction of BES-assured tenancy schemes which allow much larger sums to be raised. Sponsors realised quickly that they could be even more attractive by allowing investors to get tax relief on borrowed money to fund investments in close companies, while still qualifying for BES tax relief.

Not surprisingly, this proved popular with investors. But the Inland Revenue has long disliked close companies and the spectacle of investors hoping to get two sets of tax relief may have been the last straw.

Michael Squires, chairman of the Institute of Taxation's tech-

nical committee, argues that the close company provisions "have become something of an anachronism." He points out that the legislation was introduced to prevent individuals accumulating income within a family which was liable at only corporation tax rates, rather than the then much higher personal tax rates. As tax rates have become aligned more closely, the original intention of the legislation has lost much of its purpose. While some of the earlier, smaller BES companies may genuinely have needed close company status in order to raise funds, this is less so now.

If Lawson ends the close company loophole this year, what happens to shareholders in existing close companies, particularly those who have taken out loans?

Providing your loan application has been processed within 14 days (the period required) of Budget day — March 14 — you will probably be all right for this year. Retrospective legislation is unpopular and difficult to implement. Nevertheless, judging from Lawson's zeal last year, BES Budget legislation world probably come into effect immediately, which could hit schemes open until

the end of the tax year.

However, if you are sitting back and reflecting happily that you have parted with your money already, you could still be in for a shock. "None of the close BES companies has got clearance yet from the Inland Revenue," warns Chris Hicks of Shire Trust. "That cannot happen until companies have submitted their accounts."

To qualify for BES relief, companies must be able to show that they are operated in a certain way. Hicks says: "More than 75 per cent of their income has to come from property. If the companies do not buy enough properties and collect enough revenue from rent, it is possible that people who have loomed will not get interest relief."

Another potential problem is where a management company operates a series of close companies. Companies could pre-qualify their BES tax relief if it appears they are controlled effectively by a separate management company, as close companies are intended to be run by no more than five directors with a limited number of shareholders.

What else could the Chancellor do? Steven Rowe of BES Monitoring says: "The BES is unlikely to be a priority this year as it is fulfilling the idea of the scheme more than ever before, although the objectives have changed." Certainly, it is helping the Government's short-term policy of boosting private rented accommodation, albeit in a small way.

A number of people in the

industry believe that the £500,000 limit which can be raised under the BES in any one tax year for non-assured tenancy companies is likely to be increased, probably to £1m.

Treasury Minister Norman Lamont has indicated to one sponsor, Matrix Securities, that he is considering it carefully.

Well, he would, wouldn't he? BES hung on in last year's Budget by the skin of its teeth. It appears to have won a last-minute reprieve only when it was realised that it could be useful for a new purpose.

The scheme's objectives have changed a lot since it was introduced. Having started out as a way to raise capital for small, high-risk businesses, offering a tax incentive to encourage wider share ownership, it has now become little more than a tool for Government housing policy. The Chancellor might decide that there is no longer a need for BES relief for any companies other than assured tenancies or for close companies. If so, the message is clear: if you are going to invest, do it now.

Heather Farmbrough

EXPATRIATES

Residence in the balance

is on world-wide income and gains.

Consequently, domicile would lose all fiscal residence except for inheritance tax, although an alternative solution considered the possibility that the intermediate basis should be extended only to non-UK domiciliaries. If that option were adopted, all Britons who retained their UK domicile while abroad would, as now, be taxable fully and immediately on their return.

The likelihood is that the

Budget will also contain other matters of more than passing interest to non-residents. Consultative documents and study papers issued during the past year may presage changes in the law relating to settlements and insurance, both of which are used extensively by expatriates in their retirement planning.

In the case of the already existing legislation relating to the separate taxation of husband and wife, it should become clear if there are to be

any restrictions on outright transfers between spouses with a view to maximising the available relief.

The Financial Secretary to the Treasury has already indicated that attempts to transfer income while retaining control over the capital will be disregarded. Subject to what transpires, married people will then have one year before the activation of the new rules on April 6, 1990, in which to arrange any necessary reallocation of resources between themselves.

Donald Elkin

Donald Elkin is a director of Wilfred T Fry of Worthing, West Sussex.

is, on world-wide income and gains.

Consequently, domicile would lose all fiscal residence except for inheritance tax, although an alternative solution considered the possibility that the intermediate basis should be extended only to non-UK domiciliaries. If that option were adopted, all Britons who retained their UK domicile while abroad would, as now, be taxable fully and immediately on their return.

The likelihood is that the

Budget will also contain other matters of more than passing interest to non-residents. Consultative documents and study papers issued during the past year may presage changes in the law relating to settlements and insurance, both of which are used extensively by expatriates in their retirement planning.

In the case of the already

existing legislation relating to

the separate taxation of husband and wife, it should

become clear if there are to be

any restrictions on outright

transfers between spouses with

a view to maximising the available relief.

The Financial Secretary to the Treasury has already indicated that attempts to transfer income while retaining control over the capital will be disregarded. Subject to what transpires, married people will then have one year before the activation of the new rules on April 6, 1990, in which to arrange any necessary reallocation of resources between themselves.

Donald Elkin

Donald Elkin is a director of Wilfred T Fry of Worthing, West Sussex.

is, on world-wide income and gains.

Consequently, domicile would lose all fiscal residence except for inheritance tax, although an alternative solution considered the possibility that the intermediate basis should be extended only to non-UK domiciliaries. If that option were adopted, all Britons who retained their UK domicile while abroad would, as now, be taxable fully and immediately on their return.

The likelihood is that the

Budget will also contain other

matters of more than passing

interest to non-residents.

Consultative documents and

study papers issued during the

past year may presage changes

in the law relating to settle-

ments and insurance, both of

which are used extensively by

expatriates in their retire-

ment planning.

In the case of the already

existing legislation relating to

the separate taxation of husband and wife, it should

become clear if there are to be

any restrictions on outright

transfers between spouses with

a view to maximising the available relief.

The Financial Secretary to the Treasury has already indicated that attempts to transfer income while retaining control over the capital will be disregarded. Subject to what transpires, married people will then have one year before the activation of the new rules on April 6, 1990, in which to arrange any necessary reallocation of resources between themselves.

Donald Elkin

Donald Elkin is a director of Wilfred T Fry of Worthing, West Sussex.

is, on world-wide income and gains.

Consequently, domicile would lose all fiscal residence except for inheritance tax, although an alternative solution considered the possibility that the intermediate basis should be extended only to non-UK domiciliaries. If that option were adopted, all Britons who retained their UK domicile while abroad would, as now, be taxable fully and immediately on their return.

The likelihood is that the

Budget will also contain other

matters of more than passing

interest to non-residents.

Consultative documents and

study papers issued during the

past year may presage changes

in the law relating to settle-

ments and insurance, both of

which are used extensively by

expatriates in their retire-

ment planning.

In the case of the already

existing legislation relating to

the separate taxation of husband and wife, it should

become clear if there are to be

any restrictions on outright

transfers between spouses with

a view to maximising the available relief.

The Financial Secretary to the Treasury has already indicated that attempts to transfer income while retaining control over the capital will be disregarded. Subject to what transpires, married people

KERRINGTON DEVELOPMENTS PLC
INVEST IN A BES ASSURED TENANCY WITH A TRACK RECORD

NEARLY £2½ MILLION SUBSCRIBED

Key Points

- ★ Three year record in property development
- ★ Opportunity to achieve increases in capital value which may exceed 50% of cost from development gains, contracting profits and increases in property prices
- ★ Property portfolio of close to £7M which cost £3.5M.
- ★ Existing property portfolio expected to yield gross rentals exceeding £450,000 p.a.
- ★ Benefits of full-time management by property professionals.
- ★ Above average projected rate of return owing to development profit as calculated by the magazine "BEST Investment", a leading journal for BES investors

INCOME TAX RELIEF ON INVESTMENT AND NO CAPITAL GAINS TAX IF YOU SELL AFTER FIVE YEARS

CHANCERY PLC

Sponsors of "added value" BES companies

A Member of The Securities Association

Contact: Carolyn Turner or Andrew Stump
14 Finsbury Square, Manchester Square
London W1H 8PL
Tel: 01-535 6101 (24 hours) or 01-495 7171

This advertisement is not an invitation to subscribe for shares which can only be done on the terms of the Prospectus. It is not an offer to sell. The shares will be issued and there is unlikely to be, for some time, an active market on which the shares can be sold. It should be noted that property values can go down as well as up and past increases may not be sustainable in the future. Investors should not invest unless they can afford to lose all their money. Investors should consult an independent financial adviser authorised under the Financial Services Act 1986. This advertisement has been approved by an authorised person under the Financial Services Act 1986.

Please send me a prospectus for Kerrington Developments PLC
NAME _____
ADDRESS _____

POSTCODE _____
14 Finsbury Square, Manchester Square London W1H 8PL FT

Hanover Druce
Securities LimitedWESTPARK
RESIDENTIAL PROPERTIES PLC

Seven good reasons to apply for a prospectus in this Business Expansion Scheme

- Experienced in-house management with a successful track record
- Exit route by proven policy for ultimate sale of properties with vacant possession to maximise capital growth
- Low overheads
- Asset backed investment
- Loan facility available from Barclays Bank plc subject to status
- Minimum investment only £1,000
- Significant taxation advantages

This advertisement does not constitute an offer or invitation to subscribe for shares. Applications will only be accepted on the terms of the Prospectus. Share in Westpark Residential Properties plc will be acquired and there is no right to require the company to accept any offer for shares. The company can only accept offers for shares which have been made in accordance with the offer document. The Prospectus contains full details of the terms of the offer. Any reference to a prospectus is based on the prospectus issued at the date of this advertisement. Before making any investment, you should read the Prospectus and the relevant Information Memorandum. The Prospectus and the Information Memorandum are available from the company or from an independent financial adviser authorised under the Financial Services Act 1986. The use of this advertisement has been approved by an authorised person under the Financial Services Act 1986.

Please send me a prospectus for Westpark Residential Properties plc
Name _____
Address _____
Postcode _____
To: Hanover Druce Securities Limited, 91 New Cavendish Street, London W1M 7FS. Tel: (01) 436 5050 Tel: (24 hours) 01-436 2693

RHONE-ALPES

The Financial Times proposes to publish this survey on:

11th April 1989

For a full editorial synopsis and advertisement details, please contact:

Patricia Surridge

on 01-248 8000 ext 3426

OR

Benjamin Hughes

Financial Times

(France) Ltd

Centre d'Affaires

Le Louvre,

168 rue de Rivoli

F-75044 Paris

Cedex 01, France

Tel: (01) 42970621

Telex: 220044

Fax: (01) 42970629

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

THE MERCURY GUIDE FOR THE INVESTOR

Free informative handbook

Mercury Fund Managers' latest Guide for the Investor is now available, free of charge. It is designed to assist the newcomer to unit trust investment, and to act as a reference for the experienced investor and professional intermediary. It contains details of our range of funds and services including the following:

Range of Unit Trusts
Sixteen Funds — Covering a wide range of markets, sectors and investment aims.
The Mercury Portfolio — Investment for those with £10,000 or more.
Unit Trust Savings Plan — For regular savings from £35 a month.
Capital Investment Plan — Combines the advantages of a building society account with a two year unit trust Savings Plan.
The Mercury Unit Trust
Mortgage Plan — A simple, flexible and cost-effective way to repay your mortgage.
Planned Income Portfolio — For a regular monthly income.
Share Exchange Scheme — Exchange your current share portfolio for units (minimum £2,500).

If you would like advice on our range of services please contact our Advisory Department on 01-280 2648.

The value of unit trust investments may fluctuate.

1989 EDITION OUT NOW



To: Mercury Fund Managers Ltd, FREEPOST, London EC4B 4DQ.
(Member of the Unit Trust Association, IMRO and LAUTRO)

Please send me a copy of The Investor's Guide to the Mercury Unit Trusts and also
Mercury Savings Plan Mercury Portfolio Mercury Capital Investment Plan

Mercury Unit Trust Mortgage Plan Mercury Share Exchange Scheme Planned Income Portfolio

Surname (Mr/Mrs/Ms) _____ Initials _____

Address _____ Postcode _____

NO SALESMAN WILL CALL.

FINANCE & THE FAMILY

Unit trusts: Christine Stopp reports on the progress of MIM Britannia

Improving — but can do better

MIM Britannia unit trust performance
(Figures show growth over periods to 12.28, offer to bid, income reinvested. Bracketed figures = how sector ranking. Figures in bold are in the top half of the sector ranking.)

	1 Year	2 Years	3 Years	5 Years
UK Growth (total funds)	(170)	(133)	(114)	(88)
UK Special Features	-2.4	(162)	54.4 (15)	84.7 (25)
Smaller Cos.	20.9	(3)	46.1 (4)	88.8 (19)
UK Equity Income (total funds)	(122)	(108)	(97)	(68)
Income & Growth	17.0	(6)	34.5 (18)	85.1 (22)
UK Income	7.5	(68)	21.8 (74)	82.0 (77)
Europe Growth (total funds)	(98)	(82)	(53)	(15)
European Performance	19.7	(58)	22.4 (84)	83.4 (42)
French Growth	45.4	(20)	15.1 (38)	—
Japan Growth (total funds)	(61)	(58)	(51)	(29)
Japan Performance	34.8	(29)	47.9 (5)	84.8 (8)
Far East Growth (total funds)	(77)	(64)	(51)	(28)
Hong Kong Perf.	34.3	(16)	24.2 (63)	24.7 (25)

Source: Finstar

For instance, to make income trusts more attractive superficially, unsustainably high yield levels were set which it made it difficult to achieve increasing capital value. Johnson took the hard decision to reduce income yields, even though it displeased some investors.

Another cause of depressed performance was actually removed by the Financial Services Act. Britannia was always very dependent on the intermediaries who traded often in large volumes, creating turnover that was expensive for the fund and diluted gains.

But to attack the basic problem of poor performance, Johnson rebuilt his investment team, largely by rehiring responsibilities. MIM's new fund management style involves a team system, each one covering a market and being led by a director. A monthly performance meeting monitors results and problem trusts go into an "intensive care unit" chaired by a director. Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

Johnson admits frankly that the group "lost its way in terms of investment performance" from 1982 to 1986. He puts this down partly to the fact that "unrealistic demands" were made of fund managers.

FINANCIAL TIMES SURVEY

TOP Sales figures suggest that the Government is succeeding in shifting the pensions burden on to the private sector, writes Eric Short. Yet the full message appears not to be getting through. Too few people are making use of the new freedom to provide for their old age.

Not as cheap as you think

LIFE COMPANIES operating in the UK issued more than 1m personal pension plans in the last six months of 1988, for total premiums, excluding rebates and incentive payments, of £800m.

This was revealed recently by Mr Roy Brimblecombe, chairman of the Life Insurance Council of the Association of British Insurers, when he announced last year's new business figures.

On the face of it, the picture is one of success for the Government's new pensions strategy, which was launched last July with personal pensions as its the centrepiece. The objective was wider pensions ownership, to accompany the philosophy of wider home ownership and wider share ownership.

Wider pensions ownership was based on wider pensions choice, with employees free to make their own arrangements through personal pensions, outside the schemes of the State and their employers. In particular, the Government's aim was to reduce substantially the role of the State in pension provision by getting employees out of the State Earnings-related Pension Scheme (Serps), so that, at some future date, it could be wound-up.

Personal pensions are available to employees to contract out of Serps, as an ordinary

pensions contract; as a vehicle for transfer payments from a previous employer's company scheme; and as the only pensions vehicle for the self-employed, of £800m.

New-business figures from individual life companies show that a high proportion of their sales are personal pension contracts used to contract-out of Serps.

The Prudential Corporation, Britain's largest life company, reported that, in the six months after the new-style personal pensions became available, it issued 220,000 appropriate personal pensions (APPs) and 80,000 ordinary personal pensions. But only 25,000 employees took both an APP and an ordinary personal pension.

So it would appear that well over half the personal-pension contracts sold by the end of 1988 were appropriate personal pensions used to contract out of Serps, suggesting that the Government's first objective of reducing the numbers of employees in Serps is being effected in the current financial year.

Life companies and intermediaries will be disappointed if they cannot repeat the 1988 sales figures by April 3. However, the indications are that employees are not enthusiastic about contributing to a personal pension on top of the contracted-out policy.

There is a danger here that employees will get the impression from APPs that pensions are cheap, when in reality they are expensive. An employee who accumulates just a succession of APPs will find that the



PERSONAL PENSIONS

is that APPs are literally "something for nothing" for employees not in a company pension scheme. The employee gets the tax relief and incentive payments, and neither he nor his employer has to put his hand in his pocket, write a cheque or sign a direct debit. There is no other savings contract available where the individual does not first have to make a cash payment in order to get the investment return.

In addition, as a one-off concession to get personal pensions started, the Government is allowing eligible employees to take out APPs related to the financial year 1987-88. But the contracts must be effected in the current financial year.

Life companies and intermediaries will be disappointed if they cannot repeat the 1988 sales figures by April 3. However, the indications are that employees are not enthusiastic about contributing to a personal pension on top of the contracted-out policy.

There is a danger here that employees will get the impression from APPs that pensions are cheap, when in reality they are expensive. An employee who accumulates just a succession of APPs will find that the

pension secured will keep him above the poverty line, but will cost nowhere near a pension of two-thirds of final earnings.

There is a parallel with the Government's privatisation issues ahead of the October 1987 crash, encouraging wider share ownership. Too many investors were lulled into the comfortable feeling that one could not lose out on equities. People held portfolios consisting of small amounts of privatised company holdings and considered that had a spread of investments. Privatisation did not prepare them for the full implications of equity investment and the need for a diversified portfolio.

Similarly, APPs are not preparing employees for the need to plan their pensions properly and to make significant annual contributions from their earnings. The best-advice requirements of the Financial Services Act oblige intermediaries who sell personal pensions to explain the situation fully. But the message does not appear to be getting through to employers - or, more particularly, to employees.

Many personal pensions are being sold on a group basis through employers, usually small ones with a few workers. But many such schemes provide no more than contracted-out benefits, which do not cost the employer a penny extra. Even though, under the best-advice rules, employees should be told individually of the position, there is a risk that they will feel their employer is looking after them completely. Intermediaries say that, once an employee has taken out a pension contract, they will contact him regularly to explain the situation and, if possible, persuade him to make fuller pension provision.

Life companies report large volumes of business from employees investing transfers from previous employers' company schemes. Though this is profitable to both sides, it does not represent new pension money, simply a transfer from one sector to another.

Finally, where ordinary personal pension business has been effected, life companies have not indicated any split between employed and self-employed. However, the Prudential's figures suggest that few employees undergo a proper pension planning exercise.

There needs to be more evidence of employees taking the

ALSO IN THIS SURVEY	
The advisers	
Investment strategy	2
Regulation	2
The employer's role	
Taxation	
Transfers	3
Illustration: Ann Chasseaud	

opportunity offered by wider choice and showing concern for their old age. If they do not make adequate provision, then, when the time comes, they will turn to the Government for financial help.

Ironically, the reason given for the radical changes in the pension environment was the projected high cost of Serps from around the year 2020. That cost could still be a burden in the next century, yet the Government is leaving promotion of personal pensions to the life companies.

The widening of choice included the end of the life companies' monopoly in personal pensions. Banks, building societies and unit trust groups can now market them, too. Life companies were not unduly perturbed about this. They felt that it would be a long time before any other institution could challenge their dominance - and that is proving correct.

Abbey National Building Society, which adopted a high profile in personal pensions, admits that the business was far slower to take off than it had anticipated. It found that most people had only a hazy idea of their pension situation, anyway. It is not easy to convey the advantages of contracting out of Serps if employees do not realise what Serps is and that they are in it.

Building societies have acted as intermediaries rather than as providers, either independent or tied to a life company. Some are now promoting strongly their pension advice services.

Unit trust groups have been slow to enter the market, primarily because most have a life-company connection. Those that have no such connection, including NM Rothschild, Fidelity and Garfmore, have entered but have found the regulations extremely time-consuming.

They have decided to be niche players, rather than challenge the life companies head-on.

Midland Bank decided to enter the personal pensions market through its unit trust operation rather than its life company. It sold more than 16,000 personal pensions in their first six months: half were contracted-out only; another quarter were contracted-out plus top-up.

This may seem minute beside life company sales. But it could be the base for a major challenge in a few years' time.

HOW THEY WORK

Like a tax-free savings plan

ment, if applicable, and pays the money to the provider at the end of the tax year.

An APP is a salesmen's dream. It does not cost his client any money - he or she would have paid the rebate anyway. The client does not even have to write out a cheque or sign a direct debit form. And the Government adds 2 per cent.

Normally, there is no carry-forward or carry-back provision. A year's contribution is lost once the year is over. However, as a one-off concession, employees may carry forward the contribution for 1987-88 to the current year.

Investments: Employees can effect only one contract each year with one provider, though they can change providers each year, transferring any existing APPs if desired.

Personal pensions come in two forms: *appropriate personal pensions*, available to employed people only as vehicles for contracting out of the State Earnings-related Pension Scheme (Serps); and *personal pensions*, available to the employed and the self-employed. They are different and separate contracts, each with its own specifications, even if they are sold together by an intermediary to one client.

Benefit: Since APPs are a replacement for Serps, the benefits must conform to the Serps pattern.

Thus the accumulated value of the savings must be used to buy a pension at the state retirement age of 65 for men and 60 for women. There is no cash sum benefit.

The annuity can be bought from any life company. But it must be on a unit-link, unitstatus basis, providing a 50 per cent spouse's pension even if the employee is single, and increase by 3 per cent or by the rise in the retail price index, if less.

Charges: There is no restriction on the level or amount of charges.

Personal Pensions: The maximum contributions that can be made to a PP are based on age:

Age	Earnings % of
50 or less	17.5
51-55	20.0
56-60	22.5
61-75	27.5

Employers can pay some or all of these contributions, but there is no legal obligation to pay anything. There are provisions for carry-forward up to six years and carry-back to the previous year.

Tax relief is granted at the investor's top rate. Employees get basic rate credited automatically by paying contributions net of basic rate tax. Any higher rate tax relief is obtained through adjustment of their tax code.

The self-employed pay contributions gross, and adjust for the tax relief in their final tax return, as previously.

Investments: Individuals can spread their contributions among as many contracts as they wish, subject only to the providers' minimum contribution pay-

PERSONAL PENSIONS PERFORMANCE

Since 1974
Planned Savings' has published 27 tables.
In 14 we came 1st.
In 7 we came 2nd.

Since 1974, 'Planned Savings' Magazine has published surveys of money paid out by regular contribution with profits personal pension plans over 10, 15 and 20 years.

In 27 tables, The Equitable has come top in 14 and second in 7 more, leaving our competitors to share out the remaining 13 first places between them.

For example, if you'd retired on 14.88 aged 65, you'd have been 50% better off with a top performing Equitable 20 year regular contribution with profits policy, compared with the worst performer.

This is just the most recent example of the performance we have achieved, not in a single year, but consistently, year after year. No other company has even approached this record.

However, past performance is not a guarantee of future performance.

One reason we do so well is that we offer no commission to brokers or other middlemen. Nor do we have any shareholders nibbling away at the profits.

Call Aylesbury (0296) 26226 or kindly return this coupon if you would like further information by post or by telephone.

Planned Savings survey June 1988

MEMBER OF LAUTRO

To: The Equitable Life, FREEPOST, Walton St, AYLESBURY, Bucks, HP21 7BR. I'd welcome further details on your Personal Pension Plans, with: Annual/Variable contributions; Monthly contributions; Unit-linked based alternatives.

(UK residents only)

Name (Mr/Mrs/Miss) _____

Address _____

Postcode _____

Date of Birth _____

Tel. (Office) _____

Tel. (Home) _____

Founded 1762

HPA 9A

The Equitable Life

Before you look to your future, look to our past.

FIDELITY SELECT PERSONAL PENSIONS

Now there's a personal pension as strong as Fidelity's performance.

Self-employed? No company pension? 'Frozen' pension assets? Fidelity Select Personal Pensions offers a pension managed by one of the UK's leading investment houses.

Just consider the Fidelity record - strong and consistent performance in all major world markets.

UK	Special Situations (17.12.79)	1st (202)	4th (295)
US	American (17.12.79)	2nd (26)	12th (57)
EUROPE	European (04.11.85)	1st (47)	-
JAPAN	Japan (12.10.81)	1st (12)	12th (26)

Sources: Mutual offer to offer, not income reinvested. Figures to 1.2.89. Past performance is not necessarily a guide to future returns. The value of units reflects the value of the underlying investments and is not guaranteed.

These are five of the trusts available through Fidelity Select Personal Pensions. In total there are thirteen portfolios to choose from, meeting the full range of investment objectives. The minimum investment is £2,000 single lump sum - £200 for monthly contributions.

At the end of the day it's performance that counts. So look to Fidelity. Your Independent Financial Adviser will have full details of our Select range. Alternatively, Callfree 0800 414161 and ask for the Select Personal Pensions Department.

Fidelity
THE POWER TO PERFORM

Fidelity Investment Services Limited: Member of IMRO and LAUTRO. Member of the UTA.

RefCode:PT64

But as the launch approached, the marketing men split into two camps: those who felt they should concentrate on promoting the name of their firm, and those who felt they should push their own brand of pensions.

Allied Dunbar, which spent £5.5m on general marketing, opted for general advertising, "because we are still adapting to the Allied Dunbar name and identity," explains Mr. Emms. It adopted the slogan, "We

nevertheless, new premium business increased by one third. Some 220,000 contracts were written by Prudential for people opting out of Serps and investing the resulting rebate in personal pensions, worth around £110m.

Guardian Royal Exchange took a different approach from Prudential. After talking to its advertising agency, Collett Dickinson Pearce, it decided to concentrate on the brand rather than the company. GRE's market research indi-

Heather Farmbrough

opener our ears before we open our mouths".

Prudential also wanted to convey to intermediaries that it was going into the pensions business in a big way, and that it would give 100 per cent support - for instance, by providing videos that could be shown to customers in their homes.

Prudential is the largest insurance company in the UK, and its market is wide and not particularly affluent. "We're really looking at people who might leave the state scheme - we're not encouraging people to leave good company schemes," says Mr. Alan Smith, who believes that an increase in market share over 1988 was a direct result of the campaign.

Prudential found that its advertising featuring Griff Rhys Jones was successful, perhaps because people recognised him and enjoyed the commercial. However, its more subdued Greenhouse ad, last June, in which pensioners were discussed in low, gentle voices was less effective. "Perhaps it was because you couldn't see people's faces; only hands making a cup of tea and holding a saucer," suggests Mr. Smith.

Nevertheless, new premium business increased by one third. Some 220,000 contracts were written by Prudential for people opting out of Serps and investing the resulting rebate in personal pensions, worth around £110m.

Guardian Royal Exchange took a different approach from Prudential. After talking to its advertising agency, Collett Dickinson Pearce, it decided to concentrate on the brand

PERSONAL PENSIONS 2

Regulation: Eric Short unravels the complex system that has evolved

LAST YEAR's pension changes coincided with the implementation of the 1986 Financial Services Act.

Throughout discussion of the new framework, and during the passage of the 1986 Social Security Act, it had been emphasised that marketing controls for personal pensions would come within the provisions of the Financial Services Act.

These make it illegal for a person or firm to market, advise or deal in investments without authorisation. But a rather ambivalent attitude is taken towards pensions.

Company pension schemes are not investments in themselves, though the underlying investment management is an investment activity.

All products from life companies and unit trust groups are investments. Personal pensions from other institutions based on equities, or with an equity element, are investments; but deposit-based personal pension

contracts from building societies are not.

Authorisation is granted to individuals and firms that meet the required standards of integrity and competence.

The FSA also introduced two important basic principles into investment advice and marketing - "know-your-customer" and "best advice".

Pensions are complex contracts. The requirements of the FSA ensure that the intermediary is an expert and that he will fully ascertain a client's circumstances and needs before making a recommendation. If an employee would be better off remaining in his company pension scheme, the intermediary must say so.

However, the Act goes much further, and a comprehensive

regulatory system has evolved, governing every aspect of pensions marketing.

The Act is administered by the Securities and Investments Board (SIB), with the financial services sectors directly controlled by five self-regulatory organisations, and the major professions by their own recognised professional body.

These bodies have produced extensive rulebooks, and rules are still being formulated. In the process, the regulators have tended to lose sight of legislation's original objective - protection of the investor.

The principle behind the rules for marketing investments was that every detail of a contract should be disclosed to the client and readily understood, so that he could compare contracts and decide which was the most suitable for his needs. Thus, for personal pension contracts, he would be told the underlying investment funds, the charges, and the transfer value of the contract over the first five years.

Life companies and unit trust groups have always disclosed the charges and investment funds on their contracts. The problem is that their charging structures are complex, and can also contain hidden charges.

The regulators have no power to impose a standard charging structure, but they are trying to impose a standard form of disclosure - and getting into complications in the process.

With-profits contracts have served investors well for decades, but the concept is proving a nightmare to regulate, because the underlying principle is the pooling of risks, expenses and investments.

The SIB is still formulating the final disclosure rules. Meanwhile, personal pensions continue to be marketed without disclosure requirements, and so far there are no reported cases of abuse or confusion.

The disclosure requirements do not apply to deposit-based personal pensions from building societies. During discussion of the 1986 Social Security Act, it was emphasised that there would be equivalent controls on deposit-based personal

pensions. The Department of Social Security published a discussion document some months ago, which touched on the subject, but which seems to have disappeared.

Most attention has been focused on the disclosure of commissions paid to intermediaries. The controversy that has arisen starts with another requirement of the FSA, known as polarisation. This requires intermediaries who market life-company and unit-trust products to be either independent and cover the whole market, or representatives of just one company and deal solely in its products.

Independent intermediaries are required to disclose the amount of commission

received on the sale of a pension or any other life-company or unit-trust product - this is known as "harsh disclosure". But if they are being remunerated in accordance with an industry maximum-commission agreement, then they need only disclose this fact - "soft disclosure". However, company representatives are under no obligation to make an equivalent disclosure.

This commission agreement will come to an end by 1990 at the latest. The SIB proposes that a modified form of harsh disclosure should then apply, in that the investor would be told after the sale the amount of commission paid in percentage terms. But the SIB is adamant that company representa-

tives shall not be required to disclose their remuneration.

Many independent advisers are switching to become tied agents for a variety of reasons, including the avoidance of disclosure.

This means that someone buying a personal pension through an intermediary needs to remember that the intermediary is being remunerated by the life company in some form and that the remuneration is high. Attention needs to be paid to the charges and expenses from the life company or unit trust group.

Finally, the financial services rules impose tight restrictions on advertisements, so that no provider can make sweeping claims about performance. The rules set out the manner in which illustrations of pension benefits at retirement are produced. Since each company produces the same illustration, it cannot be used for marketing purposes.

It's agents a thorough training. Company representatives provide high-level expertise, but the backing investment performance may not be top-of-the-table, and the products may be expensively priced.

Independent advisers are required to deal with the whole market, so they should be able to offer reasonably priced and top investment products, assuming that they have been able to keep abreast of market conditions and changes.

The clearing banks have always provided pension advice through their branch network. Most are tied agents to their own in-house life and unit trust operations, so the branch manager would only be able to deal in those products. For customers requiring independent advice, the banks also have a separate independent advisory company.

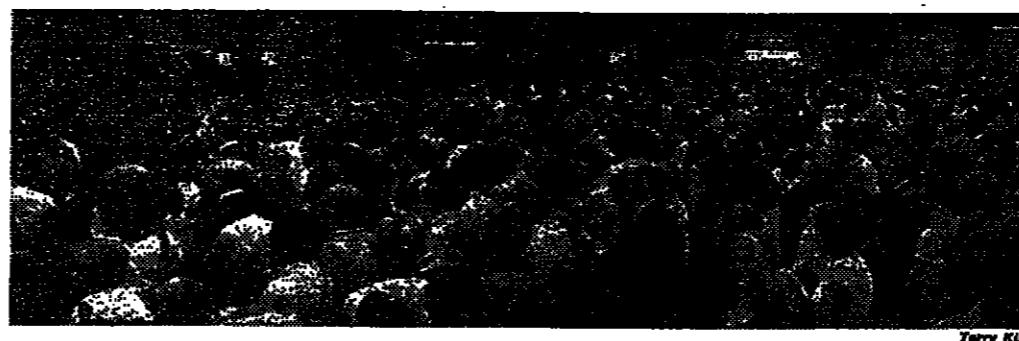
Building societies are expanding their services to offer pensions advice. The small and medium societies are invariably tied agents of one life company, but the majority of big societies are currently independent advisers, the exceptions being Abbey National and Cheltenham &

Most major societies are reviewing their decision to be independent, and many are expected to switch to being tied.

Eric Short

THE ADVISERS

Busy? Then ask a professional



There are many junctions along the pension journey, but information is always available

PENSION planning means far more than putting a few pounds a month or a few hundred a year into a pensions savings contract, selected from the latest advertisement, and then waiting for retirement.

To ensure an adequate pension, a number of decisions are required at various stages of a continuing exercise:

□ What contribution should be made from each year's earnings?

□ A review of the nature of the underlying savings contracts in which to invest the contributions, including an assessment of the risks and rewards attached to each type of contract - deposit-based, with-profits, equity-linked, managed fund, and so on.

□ Discussion with the individual of his objectives and the level of investment risk he is prepared to accept, so that a balanced portfolio of pension savings contracts can be set up.

□ Selection of providers for the chosen types of pension savings contracts.

□ Advice on the timing of retirement.

□ Consideration of the types of annuity to be bought with the accumulated pension savings - a level annuity or an increasing annuity, a pension for the individual's spouse, and so on.

□ Selection of the life company that offers the best annuity rates.

Few people, whether employed or self-employed, have the expertise to assess these factors, nor the time to acquire the expertise and put the decisions into effect, so the need for professional advice and guidance is paramount to ensure an adequate pension.

It needs to be emphasised that personal pensions from a life company or a unit trust group are classified as investments under the 1986 Financial Services Act. Basically, the Act requires that any person or firm advising or arranging investments (and this includes most personal pensions) must be authorised to do so. Authorisation from the appropriate

straightforward for the accountant to advise on the type of investment contracts or the choice of life company or unit trust group. The professional accountancy bodies require all firms to be independent under the polarisation rule, but it is a

daunting task for one person to be familiar with the complete market of over 100 life companies and another 150 unit trust groups.

The major firms have separate financial planning departments, or a subsidiary com-

pany with the necessary research facilities to monitor the market.

Smaller accountancy firms do not have the resources for a separate advisory company or to cope with in-depth research. They will have either one or two partners who specialise in investment services, or have links with firms of independent financial advisers to which they will provide introductions.

Another obvious source of advice for the self-employed is their solicitor. These are in a similar position to accountants, in that the Law Society

INVESTMENT STRATEGY

Ways to control the risk

SOMEBODY, somewhere, had to retire on October 18, 1987, the stock market's Black Monday. That was potentially awkward for somebody with a personal pension contract. And, who knows, you might have the misfortune to turn 65 and become a pensioner at the very bottom of some future bear market.

But there is an answer. There would only be a serious problem if you had the lack of foresight to protect yourself against the possibility that your retirement fund would have to be liquidated at low prices, with adverse effects on your standard of living in your old age.

Normally there is a balancing effect, so that when share prices are low, interest rates are high. Therefore the size of the annuity purchased is not too badly affected (though, of course, any cash lump-sum will be hit). On Black Monday, however, even this offset did not come to the rescue. As shares plummeted, gilt-edged interest rates fell, too. In a double whammy, new pensioners stood to lose on both the swings and the roundabouts.

Employees in conventional occupational pension schemes, which provide benefits linked to final salaries, are insulated from such hazards. Company funds are long-term in nature, so that the ups and downs of the markets can, in normal circumstances be disregarded.

Personal pension plans can also largely overcome these risks when they are bought from insurance companies which operate on the traditional with-profits basis. Such plans carry a low guaranteed annual return, but also receive a variable bonus based upon the results each year. Once declared, such bonuses cannot be removed. And there may be an extra, terminal, bonus at death or retirement.

The aim is to convert variable returns into a secure fund. It works up to a point, but the process inevitably involves some rough-and-ready justice in the allocation between different generations of policy-

holders, and is not wholly satisfactory.

In recent years the emphasis in personal pensions has therefore been increasingly towards the unitised approach. This allows investments to be more directly attributed to particular policy-holders, who are offered greater choice and the chance of a say in the allocation between different specialist funds.

With unit-linked personal pensions, a dozen or more specialist alternatives may be available. These will normally include equity funds for the UK, Japan, the US and Europe, two separate gilt-edged funds for fixed interest and index-linked stocks, a property fund and some sort of cash fund. Other specialist funds may feature, too. There will also be a managed fund, drawing on all these alternatives, for clients who do not wish to make their own choice.

The decision on how to use these separate funds, as building blocks to construct a customised portfolio to suit an individual's requirements, will basically depend on an analysis of risk and reward. It will also depend on how knowledgeable the plan-holder is about investment. Most people are happy to leave the detailed decisions to experts.

A fundamental rule of investment is that return depends on risk, which can here be defined as volatility. Very safe investments, such as cash, give relatively low returns, at least over the long term. Risky investments, like equities, provide greater returns, but at the price of high volatility.

The younger a pension plan-holder is, the more risk he can safely take. Successive bull and bear markets can be brushed aside as temporary phenomena, and the high returns from equities can be gathered in over the years. But, as he moves into middle age, the beneficiary needs to become a little more careful. If

To a modest extent, self-employed people have more flexibility, because they have a greater choice over retirement date. If their personal pension fund is in a bad way, they can work on for a year or two, hoping for an improvement in the markets. In fact, if they are wealthy, they may be able to choose their retirement date on the basis of market and tax considerations, and quite separately from their work situation.

On the other hand, employed people with personal pension plans have no such room for manoeuvre. At retirement age, they will be out of the door and forced to make the best of whatever retirement fund has accumulated. They had better get their investment strategy right.

Barry Riley

Like a tax-free savings contract

Continued from previous page

provisions. Contributions can be invested in a range of funds, with full switching facilities between funds, and between providers.

Benefit: The benefits can be taken at any time between the 50th and 75th birthdays (inclusive). There is no requirement to cease paid employment before taking the benefits, or to

take the benefits because paid employment has ceased.

Up to 25 per cent of the accumulated value can be taken as a tax-free cash sum, subject to an overall cash limit of £150,000 per contract. The remainder must be taken as a pension. The annuity may take any form, though the guaranteed payment period must not exceed 10 years, and be bought from any life company.

Charges: There are no restrictions, but charges must be disclosed.

Eric Short

A complete description of personal pensions, together with details of providers and contracts available, is contained in the Financial Times Business Personal Pensions 1988-89, available from FT Books, 50-64 Broadway, London SW1E 0DB, price £22.50.

**With no hidden charges,
this is the only small print you get
with our pension plans.**



Skandia Life

Y ou know the small print. The 'get-outs'. The disclaimers. Those hidden charges that you only find out, to your horror and cost, when it's too late.

However, there is one pensions company that doesn't penalise its investors for changing their mind, their job or the date they end their working life.

Skandia Life.

Search through our new range of tailor-made pension plans and you won't find any hidden charges.

For early retirement. No charge.

For transferring a pension. No charge.

For discontinuance. No charge.

In fact, if you make regular premium contributions we even recredit the annual management charge.

So, if you think Skandia's pension plans are full of small print and hidden charges, look again.

The only bills you'll get from us are the ones in the picture.

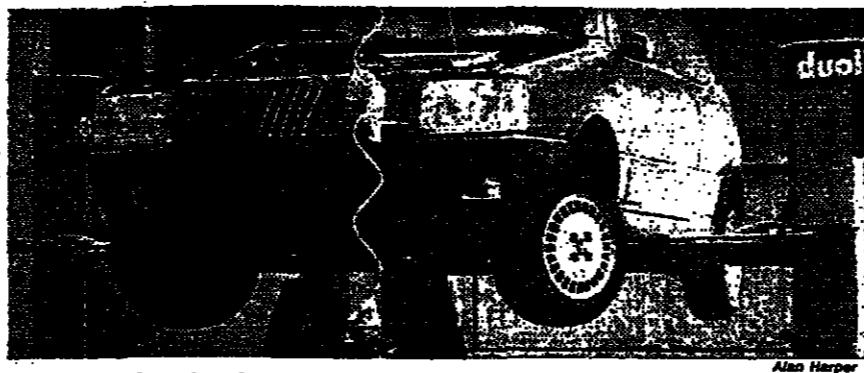
The independent-minded Life and Pensions company. Skandia Life

For more information on our pension plans contact: Head Office 0703 534411 Birmingham 021 458 1022 Bristol 0272 279187 Glasgow 041 221 8571 Chester 0531 5081 London 081 451 0184 Newcastle 061 334 8274

PERSONAL PENSIONS 3

EMPLOYERS' ATTITUDES

Workers who opt out face a tough line



Is his pension plan due for a service, too?

that is easily understood. The arrival of personal pensions, together with employees' right not to join a company scheme, has made companies communicate more effectively about their scheme — a change from the "take it or leave it" attitude when membership was compulsory.

But few employers have taken the opportunity, offered by last year's pension changes, to make an in-depth study of their scheme; to assess whether it meets the needs of more mobile employees who want closer involvement in their pension arrangements; whether it fits in with the development of other remuneration packages; and whether it represents the best use of company resources. Companies that have undertaken such a review have usually found that there are defects to be put right.

In general, employers do not place great emphasis on the final-salary link until they reach 40 and start to think about retirement. Until then, they are concerned about value for money, particularly if the contribution to the company scheme is significant. So the company scheme, in many of these cases, has been redesigned to introduce a money-purchase element, which is effectively an in-house personal pension.

The next decade is likely to see further radical changes in the balance between company and personal pension arrangements.

Eric Short

THROUGHOUT discussion on the 1986 Social Security Act, which brought radical reforms to the UK pensions scene, personal pensions were portrayed as the bogey of company schemes, particularly of the salary-related ones.

In fact, personal pensions have proved a mixed blessing to employers. To those with no company pension arrangement, they have offered a simple means of making a retirement provision for employees.

A full-blown final-salary based company scheme not only leaves employers with an open-ended financial commitment, it requires considerable administration.

A company-based group personal pension is simple to administer, and involves the employee in a known pre-determined financial commitment. It is an aggregate of individual contracts — one for each employee in the arrangement. It is usual to have a common investment medium — a managed fund or a with-profits plan — and charges are generally lower, compared with individual personal-pension contracts.

The contracted-out element poses no problem, with the employee continuing to pay full National Insurance contributions. It is also straightforward for employers to pay additional contributions, above the contracted-out rebate, into a group personal pensions contract. Above all, there are no problems when the employee changes jobs: he simply takes his personal pension with him.

Employers who are considering a company pension arrangement should assess

the relative merits of a group personal pension and an ordinary company money-purchase scheme. For those with only a handful of employees, the group personal pension arrangement is attractive.

What has been the reaction of employers who had well-established final-salary schemes in place when personal pensions appeared on the market?

One major change in the 1986 Act was the ending of compulsory membership of company pension schemes. An employee can now opt out or decline to join, thus becoming eligible for a personal pension.

So personal pensions reflect the wider choice strategy of the Government.

Basically, three courses are open to employers:

They can do nothing, and carry on as if personal pensions did not exist. This involves taking a tough line towards employees who opt out of the company pension scheme.

They can leave the structure of the scheme unchanged, take a tough line with opting-out employees, but establish a strong communications policy to emphasize the benefits of the company scheme.

Or they can review the company scheme, making changes to meet the requirements of personal pensions, and communicate the benefits to employees.

Surveys undertaken by the Confederation of British Industry, the National Association of Pension Funds and others show that most employers have taken the second course. To most pension managers and employers with established final-salary schemes, the concept of the final-salary based pension is the best, and possibly the only, way of providing pensions has

tions of personal pensions.

To ensure that employees within the scheme do not succumb, many employers are wielding the big stick over any who do opt out. According to the latest CBI survey:

97 per cent of employers will not contribute towards an employee's personal pension.

Over 60 per cent exclude lump-sum and disability benefits.

Nearly 90 per cent exclude any benefits to dependents of employees who have opted out.

Around 30 per cent will not allow employees to rejoin the scheme — another 20 per cent impose an age limit on entry, and the remainder usually allow just one opportunity to rejoin.

Employers do not appear concerned that such action will result in different remuneration levels for employees who do the same work, depending on whether they are, or are not, in the company pension scheme.

Such employers see nothing wrong with the present structure of their company schemes; and any changes made generally relate to relaxation of entry conditions, so that employees are not left outside the scheme and thus exposed to the tempta-

PENSION schemes provide the most important "shelter" for legally avoiding payment of tax on savings or investments.

Indeed, one gets the impression these days that pension plans, especially those linked with mortgages, are being sold as tax-free savings schemes rather than as a means to put money away for retirement.

Yet the Chancellor of the Exchequer, Mr Nigel Lawson, has made it plain that his overall policy is to phase out special "shelters", in favour of lowering taxation levels generally, and he is also committed to the concept of providing a "level playing field" for savings products.

So is this dilemma likely to be resolved in the coming Budget? The short answer is no, according to Graham Ward, of Price Waterhouse, the accountancy group. He would be surprised if there were any changes in the taxation of pension schemes at this time.

One problem is that there is a political priority involved. A prime objective of the recent pensions "revolution" engineered by the Government is to encourage people to contract out of the State Earnings-related Pension Scheme (Serps) in favour of the private sector. It is a form of privatisation with the Government basically seeking to transfer elsewhere its future liability under Serps. Rebates of National Insur-

ance contributions are one way of achieving this aim, but the retention of tax privileges is equally important. So, unless there is a radical change of policy, the Chancellor has little scope for abolishing, or even reducing, the existing concessions for non-state pensions.

The whole purpose of the tax concessions is to encourage people to take out their own personal pensions, in order to reduce the burden on the state of looking after destitute old-age pensioners. Tinkering around with the tax concessions, so soon after the pensions "revolution" has got under way, would seem dangerous and contrary.

Nevertheless there might be scope for amendments to the basic structure. For example, the Inland Revenue is known to be distinctly unhappy about the loopholes that exist for using pension schemes to avoid tax — particularly the cost-free lump sum. Fundamentally, pension schemes provide deferred tax privileges, at some cost to the Government, but the lump sums go a long way further in providing tax-free benefits.

So, in principle, the Chancellor might feel justified in deciding that lump sum payments should be limited still further or scrapped entirely, which would effectively put an end to pension mortgages. That would cause an uproar. But it would

not offend the general principle of tax relief being used as an incentive to encourage people to provide for their old age, and would stop the concessions being used to subsidise the cost of buying a house.

A far more radical solution is proposed by Philip Chappell, who played an influential role in promoting the whole idea of introducing personal, portable, pensions.

In a paper issued by the Centre for Policy Studies — provocatively entitled "Pensions and Privilege: how to end the scandal, simplify taxes and widen ownership" — Mr Chappell advocated the scrapping of all the tax concessions on pension schemes and the treatment of all future contributions by companies as taxable benefits, using the money saved by the Government to reduce the overall rate of tax still further.

He argues that this would "simplifying" the whole tax system, and provide a level playing field for all kinds of savings.

Mr Chappell says that giving pension funds tax-exempt status has spearheaded the shift

of share ownership from individuals to institutions, so that the funds now represent a much higher proportion of personal savings than in other countries.

He claims, too, that the fiscal privileges given to provision for retirement are the biggest

single distortion in the savings market, and that one man's tax privilege is another man's tax burden.

No doubt many of these arguments are music to the Chancellor's ears, and in line with his basic philosophy of simplifying the tax system and

eliminating special privileges. But whether such radical proposals could be matched up with political realities is a different matter. The Government's prime objective is to encourage the private sector to take over the responsibility for looking after the growing number of retired people, who are likely to live longer than in the past.

This was underlined recently by the inclusion, in the Government's plan to reform the National Health Service, of a special new tax relief for private medical insurance policies for the over-60s. It was surprisingly generous, in that it is proposed that the full rate of tax relief on these policies be given not only to the over-60s, but also to younger relatives who buy policies on their behalf.

Admittedly, slightly different political priorities are involved: the transfer of health care for the elderly from the state to the private sector, in the form of the "family." But it seems difficult to imagine that the Chancellor will do much to affect the impact of the pensions "revolution" at this early stage, unless it is included in a radical change of the whole savings system that overrides other political priorities.

John Edwards

TAXATION

The shelter won't be demolished yet

Which company would you buy your pension from?

TRANSFERS

The leaver's dilemma

SINCE January 1986, anyone who leaves an occupational pension scheme has had a right to a transfer value of their pension benefits built up in the scheme.

Unfortunately, though, anyone who left before that critical date will only be allowed a transfer value if the trustees of the scheme agree — such ex-members have no statutory right to a transfer value.

Employees who left their occupational schemes after January 1, 1986, have considerable freedom of choice about where to move their accrued rights. Apart from the option of leaving the pension in the original scheme until retirement date, or transferring the accrued rights to the new employer (assuming that the new employer has a suitable scheme), there are basically two alternatives available.

The first is a single-premium buy-out policy, commonly known as a "Section 32" bond, after the appropriate section of the Finance Act under which they are written. The other choice, which became available from July 1, 1986, is a personal pension plan.

If the ex-employer's scheme had been contracted out of the State Earnings-related Pension Scheme (Serps), then the scheme would have entered in its place what is known as a guaranteed minimum pension (GMP). Since most occupational schemes are contracted out of Serps, this point applies to most early leavers.

The legal framework covering personal pensions states that any transfer value that includes a GMP can only go to an "appropriate" personal pension scheme — that is, one that has arrangements for keeping the transfer value related to the GMP in a separate compartment called the "protected rights fund". However, although this portion of the transfer value is protected, it does not guarantee the amount of pension it would have done under the employer's scheme or the Section 32 bond.

In the past, some trustees have flatly refused to consider requests for a transfer value from pre-January 1986 leavers, but many are now thinking again, in line with the Government's emphasis on freedom of choice in pensions. The reason for the flat refusal was usually the need to ensure that the GMP portion of the transfer value would continue to be guaranteed into the future, and some were afraid that de-

Pension scheme early leavers: buy-out categories				
Date of leaving:	Early leaver			
	Post Jan 86	Pre Jan 86	Unrestricted	Restricted
Buy-out category:	Allowed as of right	Allowed as of right	Allowed — no strings	Allowed — no strings
Finance Act:	1981 S32 1987 PP	1981 S32 1987 PP	Probably 1981 S32	Not applicable

trustees would see the trustees of the scheme if subsequent benefits fall short as a result of the member's choice.

Nowadays, however, the majority of trustees will probably offer pre-January 1986 leavers the option of a transfer value, in some cases on the condition that the GMP is guaranteed. This means, effectively, that many leavers are restricted to Section 32 buy-out bonds, because the personal pension plan does not give specific guarantees.

Where a Section 32 bond is selected, the trustees inform the member of the transfer value available. The member then has to find an insurance company that will take it on reasonable terms. Taking the Section 32 route means that part of the transfer value must be used to secure the GMP before options for investing any balance can be considered. Some insurance companies offer a "non profit" policy, which incorporates absolute guarantees to cover the GMP liability; others offer a modified with-profits policy, which offers scope for increasing the eventual benefits above the guaranteed minimum.

Sometimes the transfer value is simply not large enough for an insurer to guarantee the GMP; in other cases the transfer value will not be high enough for a with-profits policy, and only a non-profit will be available. A few companies offer a mix of with-profits and non-profits. Once the GMP has been covered, however, managed or more specialist funds are available for investing the balance.

Under a personal pension, however, the only restrictions are applicable to the "protected rights" element, produced by the transfer value of the GMP. This must be accounted for separately, and at retirement cannot be commuted for cash. It can be turned into a cash sum on death before retirement, but only if there is no

surviving spouse over the age of 45, and/or dependent children. There is no guarantee of any specific amount of pension, so the money can be invested entirely in a specialist fund, or spread over several at the individual's discretion.

As far as the ultimate benefits are concerned, Section 32 bonds come under the Inland Revenue's *benefit limited* restrictions. This means that the total pension is restricted to two thirds of final earnings, including any other pension benefits, and that the most that can be taken in cash is 1 1/2 times final earnings after 20 years of employment (limited to a maximum of £150,000 for those joining schemes after March 17, 1987).

Personal pensions, however, come under the Revenue's *contribution limited* restrictions. Under this regime, the amount of cash commutation is directly related to the size of the fund. The cost of providing the widow's pension (if any) has to be deducted from the total fund.

After that, 25 per cent of the rest (including that part for protected rights) can be taken as cash, although, because none of the protected rights benefits may be actually commuted for cash, the lump sum must be taken from the excess funds.

In case this all sounds too complicated to be bothered with, remember that, if you leave a pension behind in an occupational scheme, you have no investment control, and no control over the benefits offered by the scheme. Furthermore, any increase in investment return over the rate discounted in the transfer value goes to the trustees. So taking a transfer value could prove to be a great deal more interesting and, one hopes, more profitable.

Janet Watford

Editor, Money Management

PERSONAL PENSION PLANS PAST PERFORMANCE

The following table shows the number of times a company has featured in the Top Three positions in surveys of actual results for 10, 15 and 20 year regular contribution with profits personal pension plans, carried out by "Planned Savings" magazine, 1974-1988.

COMPANY	1st	2nd	3rd
EQUITABLE LIFE	14	7	1
NPL	4	8	3
PRUDENTIAL	3	4	3
NORWICH UNION	1	2	3
FRIDGES PROVIDENT	1	1	—
SCOTTISH LIFE	1	—	3
SCOTTISH WIDOWS	1	—	2
NATIONAL MUTUAL	1	—	—
SCOTTISH EQUITABLE	1	—	—
PROVIDENT MUTUAL	2	7	—
GUARDIAN ROYAL EXCHANGE	1	1	—
SCOTTISH PROVIDENT	1	—	—
SUN ALLIANCE	1	—	—
STANDARD LIFE	2	—	—
EQUITY & LAW	1	—	—
SCOTTISH AMICABLE	1	—	—

Since 1974, the authoritative financial journal "Planned Savings" has published surveys of money paid out by regular contribution with profits personal pension policies over 10, 15 and 20 years.

The results, in the table above, we think speak for themselves.

Out of a total of 27 tables published since 1974, The Equitable Life has not been

lower than 3rd on 22 occasions and never out of the top 10.

No other company has come close to our record of achievement.

Please remember, though, that past performance is not a guarantee of future performance.

MINDING YOUR OWN BUSINESS

A legal boutique for the small man

IF THE three young solicitors whose Marylebone practice, Lomasney Berwick, is just 18 months old, were content to follow fashion in the legal world, they would be busy looking for a big corporate firm with which to amalgamate. That is the route much favoured by ambitious London lawyers as they move towards the desirable goal of £40,000-plus secure incomes.

But the three partners have rejected such a temptation. They have decided to stay small and independent — although that means they must be prepared to be considerably worse-off financially during the next few years.

Their situation, and the novel way they have decided to plan for the future of their partnership, puts into focus the dilemma facing many urban solicitors today as moves for reform in the legal trade gather pace.

Roger Berwick, 42, and Siobhan Lomasney, 33, found that they worked well together, and had similar ambitions, when they were both partners in a West End practice. Berwick had begun his career in Nor-

wich while Lomasney had qualified after graduating from Queen Mary College, London.

They set up as partners in 1987, bringing with them a few clients and little money but lots of drive and ambition. In their first year, they reached the budget target of their business plan almost exactly with a turnover of £20,000. By last summer, they felt that sufficient work was coming in for them to ask another solicitor — Caroline Little, 33, who Lomasney had known since college days — to become the third partner.

They sensed that change was in the air of the legal world. But, in reality, they were no more prepared than any of their colleagues for the far-reaching nature of the proposed reforms that Lord Mackay of Clashfern, the Lord Chancellor, sprung upon solicitors and barristers last month.

As the three partners now read the rules, many small firms of solicitors will kiss goodbye the concept of living off conveyancing and legal aid work. In future, practices must expect to live — or die — by the quality of the range of spe-

cialist services they can offer. So, the partners' thinking is to move in a direction directly contrary to that chosen by the large corporate firms which offer a broad spectrum of services. The idea is to develop Lomasney Berwick into a sort of legal boutique specialising particularly in services for small business clients.

Roy Hodson on three lawyers who have found a novel way to plan for the future of their partnership

They believe that their small partnership has the talent to do this because their skills complement each other. Berwick's speciality is commercial and property matters, Little is experienced in matrimonial law, while Lomasney handles most of the civil and commercial litigation work.

"In the future," says Berwick, "the critical decisions that must be made by a small legal firm are going to be: where are you going to be?

The single most difficult

located: and, what kind of service are you going to offer?"

The partners chose Marylebone because it is very much a village within the West End. The larger portion of their clients is made up, as they had hoped, of businesses based in the vicinity — mainly property companies, traders, shops and restaurants.

obstacle to their dream of establishing a West End legal practice, says Berwick, was finding premises. They eventually settled in 1,800 sq ft of basement rooms with their own street entrance in Nottingham Place. The premises had been a graphics studio and some £5,000 of their modest capital had to be spent on alterations and modern decor. Another £2,000 has been spent since moving in on furniture and office equipment. They secured their lease at £12 a sq ft but expect a hefty increase when the first rent review is due shortly.

The two original partners, Berwick and Lomasney, resisted their bank's proposal that they should put up their homes as collateral and managed eventually to get a £20,000 overdraft facility backed by insurance on their lives. They also put in £12,000 of personal capital. It was just enough to get the business started.

Now they are on course for a turnover of £180,000 in their second year. However, they have had to increase their office staff to five legal clerks and receptionists, and they are



Roger Berwick and Siobhan Lomasney: drive and ambition

Little is away on maternity leave.

Meanwhile, the partners are keeping down costs by drawing the smallest salaries on which they can manage. "But it's all worth it for the independence we enjoy," says Berwick.

■ *Lomasney Berwick, 30 Nottingham Place, London W1M 3ZD (tel. 01-486-0551).*

Wise words

ADVICE ON creating and running small businesses falls broadly into two categories: the factual and the philosophical. The Consumers' Association has managed to combine help on the two strands rather neatly in its new edition of *Starting Your Own Business*.

The philosophical is the more important strand as it reminds readers that to run your own business you need not only capital and capability but also flair, toughness, and good fortune. The "luck" factor is not stressed sufficiently in business life.

On the question of commitment, it says: "When starting a business, you should be motivated positively, not just negatively by a dislike of the job you are in, or unemployment. Your incentive should be to a large extent financial. And do not



set your sights too low. From the start, your aim should be to make a reasonable living."

It goes on, uncompromisingly: "In becoming your own boss, you may find yourself working for a harder taskmaster than any you have had — one who offers unlimited working hours, uncertain holidays, and perhaps less money than you were earning before."

The virtue of this book is that it emphasizes that being a small business person is not all beer and skittles. "Having What It Takes" is an apt title for the first chapter.

■ *Starting Your Own Business*. Published by the Consumers' Association and Hodder and Stoughton. £6.95.

R.H.

Tim's Gothic success story

A TASTE for the Gothic has been the key to Tim Barron, aged 30, creating a firm a year turnover in conservatories within five years after starting with just £3,000 capital.

His business, called Crystal Palaces, looks sleek and prosperous now as, each week, several conservatories packed ready for erection leave a new, purpose-built factory sited improbably on the edge of the Cotswolds' show village of Bourton-on-the-Water.

The average age of his staff of 16 is only 20 and his longest-serving employee, who joined on a youth training scheme, is still under 21. In fact, everything about Crystal Palaces, from the work force and the management to the designs and the machinery used to make them, is new and experimental.

If all hinges around Barron, who is an innovator. He trained at the London College



Tim Barron: a turnover of £1m annually within five years of starting up with £3,000 capital

of Printing at Elephant and Castle as a photographer, where he developed his innate sense for design. His subsequent career as a photographer was short-lived. While taking pictures of conservatories for a brochure, he decided that he could design and make much better ones.

At this point, his fondness for the Gothic style took over.

It is a fondness that seems to be inspired partly by the Roman Catholic church and partly by his appreciation of the fine engineering qualities of Gothic structures for the way in which they combine lightness with strength.

His Gothic mood should properly have brought his ambitions to an untimely end.

Who ever heard of a Gothic conservatory before Barron?

But he happened to be on the right track. The material he chose to build his structures — glass fibre — proved to be

suited admirably to the light vaultings and tracery of his conservatory designs.

And he had tapped a market. It was soon evident that many people shopping for conservatories as fast as he could produce them, and has kept going at the same spirited pace since. His business comes almost

entirely from publicity in the magazines dealing with posh houses and dream gardens.

Like all success stories, though, there is more to Barron than the qualities you see on the surface. His design skills have enabled him to

solve the difficult manufacturing problems involved in setting up a production line for Gothic tracery. And his persistence has enabled him to overcome the technical problems involved in adapting glass fibre and resin to his production line manufacturing.

Barron and his production manager, Bill Nesbitt, 25, have built the jigs and moulds themselves in aluminium from Barron's own designs and they have installed a double glazing production plant to their own design (the great virtue of double glazing for a conservatory being that it abolishes condensation on the glass roof that causes internal rain showers).

In order to keep faith with Barron's Gothic concept, they have even installed a special plant to make curved double-glazed glass panels.

Selling at between £3,000 and £15,000, the conservatories are expected to exceed £1m in annual turnover shortly.

Barron is content with that progress and has on his drawing board a design for a Gothic tracery house window within a standard-size frame which, he is confident, can be sold for about £200 a unit — and realise another £1m turnover.

All Barron's inventiveness

might not have been sufficient for Crystal Palaces, however, if Nesbitt had not had a stroke of luck. The pair sorely needed new capital to build their factory. Their local bank would not help so Nesbitt made a cold call to a branch of Barclays in Cheltenham for an appointment, and took the factory plans along with him.

After one look at the site (a half-acre of land going for £28,000), Barclays made a 15-year industrial loan of £100,000. The two men also arranged personal loans totalling £25,000 backed by family resources (two minority shareholders who put up £40,000) and ordered a steel-framed factory building costing £20,000.

Barron, who owns 75 per cent and Nesbitt, who has 15 per cent, are not taking any profits out of the business yet. But they are sleeping easier at night as they have just had an unsolicited offer for the factory of £300,000. It was refused.

■ *Crystal Palaces, Spartacus House, Industrial Park, Bourton-on-the-Water, Glos. Tel. 0451-2810.*

R.H.

MINDING YOUR OWN BUSINESS

BUSINESS OPPORTUNITIES

Software Applications Research

A successful company specialising in computer based quantitative analysis into financial markets seeks discussions leading to association with individuals or companies developing products, software or services in related areas. Finance is available to support those with innovative ideas and entrepreneurial flair.

Please reply with preliminary details to:

Box F8716, Financial Times,
10 Cannon Street, London EC4P 4BY

PRIVATE SCHOOL VENTURE

Investor required to inject £120,000 into launch of West London prep. school. Loan/equity arrangement available.

Write Box F8715, Financial Times, 10 Cannon Street, London EC4P 4BY

PRECIOUS, BASE, AND INDUSTRIAL MINERALS

Seed capital sought by junior exploration company. Spanish based, UK/German owned and funded. Opportunity to invest in the ground floor of a very exciting business. For information please:

Write Box F8709, Financial Times, 10 Cannon Street, London EC4P 4BY

USA BUSINESS AND ACCOUNTING SERVICES

US Registered, English Chartered Accountant, C.P.A. 5 years experience in all aspects of US business, including management, acquisitions, financial planning and consulting. Can advise on US companies with their US accounting and business development.

Write Box F8707, Financial Times, 10 Cannon Street, London EC4P 4BY

BUSINESSES WANTED

Expanding plc seeks further acquisition

We require a company in the following manufacturing areas:

Light Engineering

Injection Moulding

Tube forming/manipulation

Ideal turnover would be between £1m and £5m, it is not essential to be profitable.

Any geographical location considered.

All communications in strict confidence.

Contact: Mr Tony Guinness, Guinness Bros plc, Hockley, Essex SS5 4AD Tel (0702) 205317

SECURITY AND CLEANING CO'S

Hungry and acquisitive private London Co wants to purchase your business if your turnover is £100k - £3m. London or Manchester areas.

Write Box H4478, Financial Times, 10 Cannon Street, London EC4P 4BY

BUSINESS SERVICES

NEW BUSINESS

If your Company is seeking new products, processes or technologies for profitable international exploitation then our specialist services in international technology based business development are geared to your needs. New product and technology search and marketing undertaken in a wide variety of industries and covering Europe, Japan and North America plus high quality licences for direct sale through our representatives of selected major overseas companies.

We have a successful record with clients and full details are available from:

Dr Derek A. Newson, Director
SPA TECHNOLOGIES LTD
13 Arlington Avenue, Lemsford Spa
Warwickshire, England
Tel: 0926 332228 - Telex: 312440 - Fax: 0926 883499

PERSONAL

Financing and management skills for the growing business

TOOKE RAM

Accountants, advisers and consultants
100a New Cavendish Street
London W1A 7RA
Telephone: John Ram or Philip Lomber
(01 33) 33503998

BUSINESS FOR SALE

TRAVEL AGENCY LONDON W1

IATA/ABTA.

Fully automated.

T/O £1 million +.

Write Box H4456, Financial Times,
10 Cannon Street, London EC4P 4BY

COMPANY NAME FOR SALE

"Anglo American Ltd"

(Not trading)

Offers in writing to Box H4479, Financial Times,
10 Cannon Street, London EC4P 4BY

EXHIBITIONS

VISIT THE DIRECT MARKETING FAIR

AND MEET

EUROPE'S LEADING SUPPLIERS OF:

Marketing Lists

Marketing

Database Systems

Print

Response Analysis

Postal Services

Door-to-Door Distribution

and all Direct Marketing Services.

3am-6pm

February 27-March 5 Olympia, London W4

081-570-5700

081-570-5701

081-570-5702

081-570-5703

081-570-5704

081-570-5705

081-570-57

TRAVEL

Take the car — the resort is a mere 1,500 miles away

John Griffiths makes the return journey to Corfu in the family station wagon . . . and lives to tell the tale

HERE WAS a serious purpose in my bringing the heavily-laden family station wagon, via two ferry journeys, more than 1,500 miles for a holiday on Corfu lasting only two weeks.

The Ionian and Aegean islands, mainland Greece and increasingly Turkey are rightly popular holiday destinations. But as the drachma has sunk to make Greece and its islands more attractive financially, their price has climbed in other ways: eternal airport congestion, ever-longer flight delays and fatigued, protesting children — all culminating (so we thought) in those days-long holdups at Gatwick Airport last year.

Thus, the idea was born of taking a car on holiday but extending the routine to reach Europe's more far-flung holiday regions.

On our return to the UK, a round trip of 4,000 road miles assumed an even greater relevance — the British Airports Authority had just issued its warning that delays would be worse this year, and that airport "tent cities" might even be set up.

Faced with such a dire prospect, is it worth taking the road alternative? The answer is "yes" — but only up to a point. The way we did it (and would do it again) costs more than flying and renting a car, takes time, and has its potential pitfalls.

The main conclusion, reached at the end of the outward leg while driving solo, is that no family which includes pre-teen children could contemplate such a trip and expect to be still talking to each other by its end. And that's on a one-way journey, never mind the return.

However, if the driver is prepared to go alone, and invest an extra three days either side of the main holiday in doing so, the rest of the family, travelling by air, will be eternally grateful — in particular for being able to travel without even hand baggage, and to have waiting for them toys, clothes, sports gear and other

COSTS* IN AUGUST ON SHORTEST CROSSINGS

Operator	Car		
	Small Family of 4 Peak	Medium 2 adults Peak	Large Family of 4 Peak
P & O	205	154	198
Sealink	205	143	198
Hoverspeed	254	216	242
		204	234
		260	222

Return journeys for more than five days for two adults and two children aged 4-12 (return fare). Family of four, less two children aged 4-12 (return fare).

ANCONA - CORFU/ IGOUMENITSA/PATRAS (return)*

Strintzis Lines	Car		
	Car up to 4.25m Peak	over 4.25m Peak	Peak
304	388	324	402

Family of four, less two children aged 4-12, in cabin



Captain Clive Wood at the controls of super-ferry 'Pride of Calais'

goods which they would not have contemplated taking by air.

There is, too, the convenience factor of having one's own, familiar car available.

And last, but not least, for anyone who *likes* driving, there is the prospect of some adventurous driving through spectacular scenery.

Putting the idea to the test began, almost inevitably, at Dover with the early realisation that ferries are not what they used to be — for which we can be profoundly grateful.

With the Channel tunnel being bored beneath their keels, Sealink, P&O European Ferries and the other cross-Channel companies are trying hard to build up customer loyalty. Thus, the Dover-Calais crossing of self and Sierra on

put up with my ditherings about precisely which ferry to take, and the on-board restaurant staff managed to give the impression that they actually cared about serving their customers with a £1.75 bill-sticker of a breakfast.

By noon, French time, Calais was 20 miles behind. By mid-afternoon, Beaurain was passing on the *autoroute du soleil* and it was clearly going to be easy to reach Chambery, on the north-west slopes of the Alps, for a relaxed dinner and overnight stop. At this rate, the three days scheduled to make the 9.30 pm ferry from Brindisi, Italy, to Calais, was easily going to be easy to reach Chambery, on the north-west slopes of the Alps, for a relaxed dinner and overnight stop. At this rate, the three days scheduled to make the 9.30 pm ferry from Brindisi, Italy, to Calais, was easily

on the heel of Italy, was ridiculously generous.

By 6.30 pm, the Sierra was stuck firmly in an autoroute jam. At 10 pm, it had still not moved. Unseen, miles ahead, was a crash of appalling severity. On "our" stretch of autoroute, we had a picnic and a party. At midnight, I gratefully fell into a £50 single room at Lyons' Hotel Mercury, thoughts of Chambery, still 50 miles distant, long since abandoned.

Even by that stage, I was glad, craven coward that I am, that the children were flying on the outward leg and were not along for the ride.

The following day brought an entertaining journey over the Alps through the Col du Cenis and a long, boring but high-speed slog skirting Turin and across the plains of Northern Italy. Once on the *Autostrada del Sol*, however, the alluring mental prospect loomed once more of an early-evening stop on the shores of the Adriatic, somewhere near Rimini, at any one of several hotels nominated by the Royal Automobile Club's hotels guide.

Fat chance. From Rimini southwards, nearly 100 miles to the port of Ancona, the Adriatic coast is a string of small towns submerged under a sea of heaving humanity. One lacklustre hotel near Pesaro offered a double room, without breakfast, for nearly £30. Long after midnight, I crawled into bed in a small, faded hotel in a back-street of Ancona, having eventually concluded (correctly) that being a working port, it would not be swamped with holiday-makers.

With 500 miles still to run, Brindisi — which runs ferries to Patras, Igoumenitsa, Corfu and many other parts of the Mediterranean — was beginning to seem a very long way.

But by late afternoon, some 1,400 road miles after setting out from Ascot, the Sierra was nosing its way through back streets into the sun-baked port.

What Sealink and other UK-based agents selling tickets for vessels out of Brindisi fail

nearly to do is to provide any



Ships that pass in the day . . . at Dover ferry terminal

warning of the dire, disgraceful chaos of the place. With four hours to go before sailing, neither port nor Adriatica Line officials were making the slightest attempt to explain to a slowly growing crowd of would-be passengers, even those armed with pre-booked tickets, where the embarkation office might lie.

Such was the confusion, and such the surly nature of Brindisi's officialdom, that chaos reigned. My most vivid memory is of the nowhere-near-full ferry pulling away from the quayside, leaving in tears five Canadian girls who had arrived at the ferry at 6 pm and simply been unable to find their way through petty, bloody-minded officialdom.

A few hours later came compensations. To round the north-eastern tip of Corfu in the unearthly light of the Ionian Sea, in the shadow of Mount Pantocrator, is a spirit *litter par excellence*.

In stark contrast to Brindisi, formalities with the ever-cheerful Corfiot customs and immigration were over in a minute.

Thirty minutes later I was checked in for a night at the Corfu Palace, a discreet gem of a luxury-class hotel just round the bay from Corfu

down for what was effectively a 24-hour cruise up the Aegean aboard a vessel with a more than acceptable restaurant and even a top deck swimming pool.

The rest was easier, too. The run across northern Italy was no less boring, but mercifully shorter. Stopping only for petrol, Milan and the Mont Blanc tunnel were despatched by mid-afternoon. By early evening, I was enjoying an aperitif in the modest but beautifully appointed Hotel des Tresors high above the lake at Annecy.

Even after an exceptionally leisurely drive through the beautiful hills and meadows between Annecy and Beaurain, with a two-hour delay courtesy of the *Tour de France* cycle race and a consequent unplanned rush-hour confrontation with Paris' *route périphérique*, I was in Calais in good time for the 9.30 pm ferry. The return trip, by Sealink, did nothing to dispel newly favourable impressions of the ferries.

The journey home was a different proposition entirely. Having traded in my Adriatica Line ticket, at little extra expense, for one which would take me by Minerva Lines all the way to Ancona, I settled

Motorail bookings from the UK are up 40 per cent this year.

Taking Motorail from the UK to Milan, for example (a second terminal is operating at Boulogne for this season), allows the family to eat and sleep in comfort on the train and puts ports such as Venice and Ancona within reach of an easy drive. The snag, as ever, is cost. For husband, wife and two children to travel first class return between Paris and Milan, with (compulsory) sleeping accommodation, will be £570. Whether it is worthwhile depends entirely on individual criteria.

There are other necessary costs associated with a long-distance motoring trip. Only a fool would set out without maximum insurance cover for passengers and car with the RAC, AA, Mondial Assistance or other similar organisations.

For a really long haul to Brindisi and back, expect to pay around £100 in toll charges.

Overall, we calculated that the net extra cost of taking the car separately, compared with flying en masse and renting a car on arrival, was around £450 when savings such as one less air fare and no rental charges are taken into account.

HOLIDAYS & TRAVEL

FERRIES

NEWHAVEN-DIEPPE FISHGUARD-ROSSLAKE FOLKESTONE-BOULOGNE HARWICH-HOOK OF HOLLAND PORTSMOUTH-RYDE

D

O

V

E

R

I

S

S

E

A

M

E

M

E

M

E

M

E

M

E

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

M

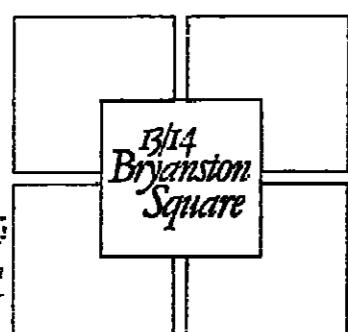
M

M

M

M

LONDON PROPERTY



A development by Hastingwood Estates Ltd.

Among the finest apartments in Central London.

Four particularly grand flats and two spectacular duplex penthouses each 3 or 4 bedrooms, 3 or 4 bathrooms and quite magnificent entertaining rooms — and with floor areas from 2240 Sq.Ft. (208 M.Sq.) to 3560 Sq.Ft. (330 M.Sq.) — at prices from £925,000.

And two smaller flats each of 2 bedrooms at prices from £265,000.

Also some Mews garaging at rear.

- Superb kitchens and bathrooms.
- Much ornate plasterwork, joinery, marble fireplaces, etc.
- Otis Lift.
- Resident Uniformed Porter / House Manager.
- Delightful west-facing views over the square gardens.

LONG LEASES FOR SALE

Superb show flat by Antarctica Design.
Open daily 11 AM to 6 PM
(Tel: 01-724 1009)

Sole Agents

W.A. ELLIS

174 Brompton Road
London SW3 1HP
tel: 23661 WAE fax: 01-589 3536

01-581 7654

On the Instructions of Hastingwood Estates Ltd.

In the heart of Knightsbridge, two minutes from Harrods

39-40 BEAUFORT GARDENS, LONDON SW3



14 NEW APARTMENTS OF VERY HIGH QUALITY WITH ACCESS TO LUXURY HOTEL STANDARD SERVICES

- 2 x Studio Flats — From £155,000
- 4 x 1 Bedroom Flats — From £185,000
- 6 x 2 Bedroom Flats — From £345,000
- 2 x 3 Bedroom Flats — From £575,000

(Many having Balcony, Patio or Terrace)

LEASES 125 YEARS FOR SALE

Superb Show Flat
by Antarctica Design
open daily 11am-6pm
(01-581 5028)

W.A. ELLIS
174 Brompton Road, London, SW3 1HP
Telephone: 01-581 7654
Fax: 01-589 3536 Tel: 23661 WAE

PROPERTY

Interest rates? Forget them

Estate-spotters are doing thriving business, says John Brennan

"WE HAVE been really surprised at the number of people who are not affected at all by changes in mortgage interest rates," says James Wilson. "There is no shortage of money. A lot of people have access to their own corporate money, or have access to various other forms of capital."

As one half of the team that set up Wilson & Wilson a little over a year ago to act as buying agents for country estates and London houses, James Wilson (and his namesake partner Charles) might have been expected to be floundering once the highly competitive sellers' market of 1988 faded.

It's easy to see the value of paying a 1.5 to 2 per cent fee to a property spotter at a time when

every good house attracted a queue of competitive bidders even before it was advertised publicly. But when the market cools, why would prospective buyers need any help?

According to Wilson, "This is a perfect time for private deals, since a lot of agents are keen to offer a property to us on behalf of their clients because they know that the people we represent have got their finances organised."

Agents bring properties to buying specialists like Wilson & Wilson knowing that there is no risk of a deal falling through because the would-be buyer's own home is slow to sell. "Our buyers really want to buy, and have thought through a move."

As well as tracking down

and negotiating £300,000-plus country houses for clients, the agency is acting now for expatriate investors looking for £150,000-plus London flats.

Wilson & Wilson (01-727-1977) has also started to develop a business hunting bigger country properties for companies that want to move their businesses out of town.

"Rents in London and in all the major cities have risen enormously in the last few years, and we have been approached by a number of companies interested in the idea of relocating to their own building," James Wilson says. "There are lots of big country properties that are not suitable for use as a private house, but which can make good company headquarters."

He adds: "County planners are increasingly more sympathetic to changes of use, particularly now that the high cost of borrowing is deterring speculative developers who would have wanted to split them up into flats."

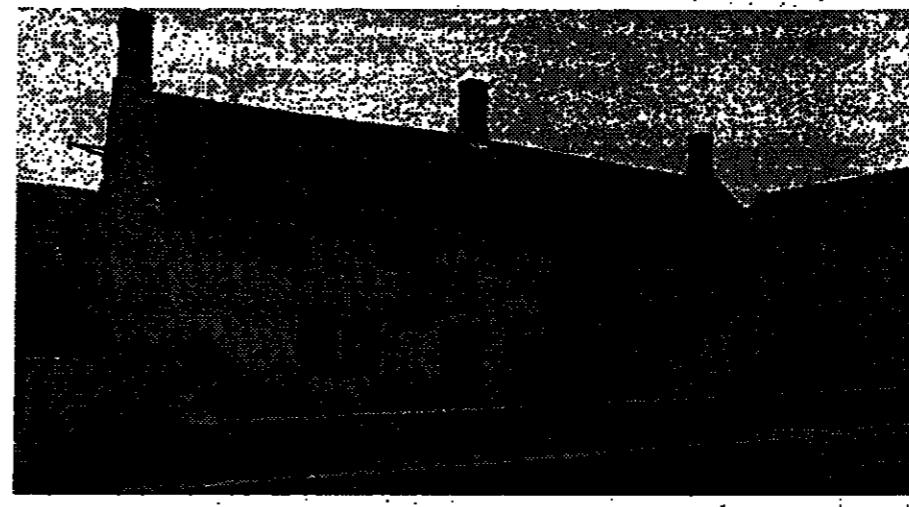
As those apartment conversion schemes thin out, quite a few county planning authorities are becoming more amenable to the idea of companies buying and converting country houses for business use because of their concern about the age profile of the local population.

Buying interest from company users helps to counterbalance an insatiable demand for conversion of larger country properties into private rest and nursing homes.



HAYES END MANOR, South Petherton, six miles east of Ilminster in Somerset, is the English Courtyard Association's latest retirement homes development in the south-west. It is built around the house and five-acre gardens of the 14th century Ham stone Hayes End Manor farmhouse, its converted granary and former flax barn.

As with most of the English Courtyard schemes, the majority of the first phase of what will eventually be 21 mainly two-bedroom flats and cottages have been reserved for prices ranging from £35,000 to £140,000, with an estimated weekly service charge of £45. Details from ECA (01-937-4511).



"THE BEST OF EVERYTHING"

A House at Chelsea Harbour



If only the best is good enough for you, then you need a house at Chelsea Harbour. For one thing the quality of life around you will be exceptional. There are 18 acres of London's smartest community, with exclusive shops and highly rated restaurants, and even a marina to keep the boat in.

And there's the space of the house for another — 4 or 5 bedrooms, 3 or 4 bathrooms, 2 reception rooms, balconies, a conservatory, a private garden and

private garage, and, at its heart, a magnificent superbly equipped kitchen.

The prices? Starting at £615,000. That includes 24 hour security, and the best of everything that Chelsea Harbour has to offer, of course. After all, nothing's too good for your family.



Life on the Grand Scale

Chelsea Harbour, London SW10 0QZ
Open Monday to Friday 10am-6pm, Weekends 11am-7pm. Ring 01-351 2300 for a brochure.

P&O AND Globe

A joint development by P&O and Globe

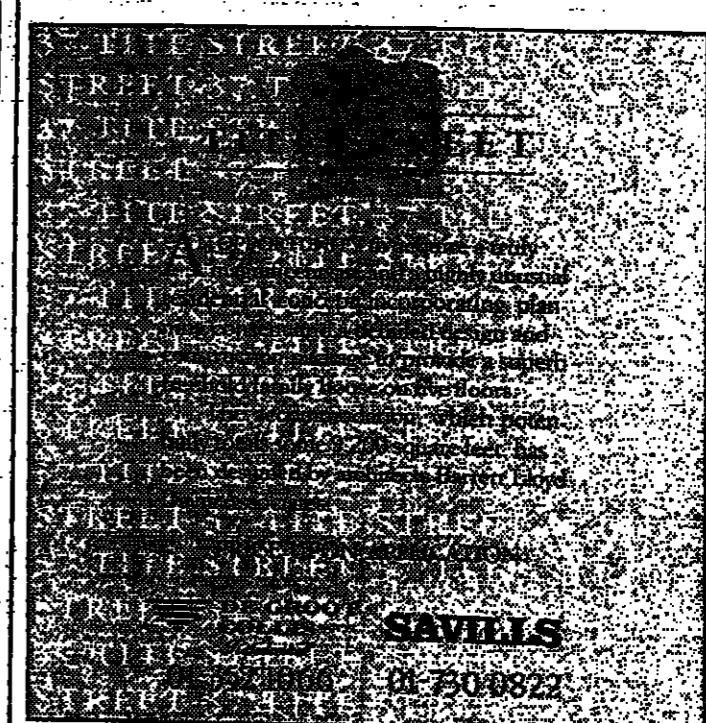
By Eaton Square Belgravia SW1

Substantial Low Built Family Home with Wonderful Character and Potential
5-6 Bedrooms, Drawing Room, Dining Room, Study, Kitchen, Breakfast Room, 2 Bathrooms, Cloak, Staff Accommodation etc.

Lease: 63 years Price: £1.5 million

STUART WILSON
01-235 0725

RUSSELL SIMPSON
01-225 0277



INTERNATIONAL PROPERTY

Switzerland, Jura.
Exclusive Three Bed. Purpose built Chalets, With Lake and Mountain Views.
Total 450,000 SFY.
ULC Swiss Chalet
PROJECTS
Real Estate and Development
1 ST OMER RIDGE, Guildford, Surrey GU1 2DD ENGLAND
TELEPHONE: (0483) 712265/8846

et them
John Brennan

HAMPTONS

AUCTION 20th MARCH

The London Auction Mart

Suitable for immediate occupation

3814 Burlington Lodge Studios

Eves Road, London SW6

Two former studios converted from a Victorian Prison situated around a private cobbled courtyard, now combined to provide: Reception Area 14' x 14'5", Studio Room 5'0" x 23'0", Kitchen, Bathroom and Further Room 15'10" x 7'1". Subject to Planning consent, considered suitable for a variety of uses. 999 year Lease. Guide Price: £435,000.

Guide Price: £220,000.

Prospects for Refurbishment and Development

21 Admirals Road

London SE26

End of Terrace House, with Four Bedrooms, Living area 15'0" x 15'9", Dining Room, Kitchen/Breakfast Room, Bathroom and Shower Room, Garage and Garden with possible Building Plot of 35' x 40'. Freehold.

Guide Price: £120,000.

11 Fitzgerald Avenue

London SW14

Semi Detached Victorian House, requiring modernisation with five Bedrooms, Two Reception, Kitchen/Dining, Bathrooms, Garage and Garden. New Instruction, first time on the market for many years. Freehold.

Guide Price: £320,000.

4 Westwood Gardens

Brentford SW13

Semi Detached House in secluded cul-de-sac in the heart of Barnes Common. Close to Shops and transport facilities. Recently modernised. Sitting Room 16'3" x 12'0", Dining Room, Kitchen/Breakfast Room, Three Bedrooms, Bathrooms, Garage, Front and Rear Gardens and Garage. Freehold.

Guide Price: £160,000.

FOR CATALOGUES CALL 01-493 8222

COUNTRY COLLECTIVE SALES*

To be held during last week of April

REDUCE THE COST OF SELLING - INCREASE THE PUBLICITY

Structural Warranty, Floor Plans and pre-qualified finance can make it EASIER TO BUY - SELL BETTER

Contact any Branch or Auction Department.

THE AUCTION DEPARTMENT
Hamptons, 6 Arlington Street, St. James's, London SW1A 1JR. Tel: 01-493 8222.

COUNTRY PROPERTY

STRUTT & PARKER

COUNTRY DEPARTMENT
01-629 7282
LONDON RESIDENTIAL
01-235 9959

NORTH YORKS - Coverdale-Middleham 5 miles. A lovely period house with excellent adjoining cottage. Entrance hall, sitting room, dining room, 3 bedrooms, bathroom. Adjoining 2 bedroomed cottage. Garage & outbuildings. Garden. About 2 acres. Guide price: £150,000. S.A.G.A. Tenants, Tel: (096) 22451 Strutt & Parker Harrogate office: Tel: (0423) 61274. Ref: 002211

KENT - Nr Faversham-Canterbury 10 miles. A superb Georgian country house at present a hotel/restaurant with potential for other uses. 3 receptions, commercial kitchen & service rms, 11 bedrooms (5 en suite). Ref. Permission for conversion of wing for 6 bedrooms, gym and conference room. Stable block. About 18 acres. Canterbury office: Tel: (0227) 451123. Ref: 002203

ST MARY'S VICARAGE,
STAMFORD BROOK RD, LONDON W12.
An opportunity to purchase a unique Victorian detached house originally built in 1888 as the vicarage for the first Rector of St Mary's Parish and adjacent church.

Master suite of bedroom, dressing room and full bathroom, 4 further bedrooms and 3 bathrooms. Gentleman's dressing room. Childs nursery/bathroom. Marble entrance hall, Drawing room, Dining room, Library, Kitchen/breakfast room, Gymnasium with sauna and jacuzzi baths. Cloakroom, Laundry room, Garden with landscaped rose beds, Gravelled paths, arbor and lawn lit by halogen floodlights. Balcony with wrought iron balustrade. Off street parking for 2 cars with remote control security gate.

Full gas. CH/HW. Door entry telephones.

Central London is only a 15 minute drive.

London 01-580,000. Ref: Guide Price: £250,000.

JSA: Sullivan Thomas. Tel: 01-740 4411.

Strutt & Parker London Residential Office: Tel: 01-235 9959

Ref: 002202

LEICESTERSHIRE - Market Harborough. Leicestershire 16 miles. A exceptional Grade II listed 17th century country house. Hall, 3 receptions, study, billiard rm, master suite of bedroom/dressing room, 7 further bedrooms, 2 bathrooms, 2 bedroooms, staff flat. CH. Outbuildings, stabling, tennis court, swimming pool. About 2.23 acres. Region £250,000. Additional paddock/woodland. Total value: £450,000. Landscaped office: Tel: 0476 65888. Ref: 002203

BERKSHIRE - Pinkneys Green-Maidenhead 2 miles. An imposing country house set on the edge of the village adjoining National Trust land. Hall, 3 receptions, study, master bedroom, bathroom & dressing room suite, guest bedroom/bathroom suite. 4 further bedrooms, 3 bath & shower rms, games/tennis court, swimming pool. About 2.23 acres. Region £250,000. Additional paddock/woodland. Total value: £450,000. Landscaped office: Tel: (0227) 481122. Ref: 002203

BATHROOMS

CZECH & SPEAKE
OF LONDON

MAKERS OF FINE BATHROOMS

The Czech & Speake Bathroom, as mentioned in discriminating estate agents' particulars, is the only bathroom brand to give added value to your home.



Stockists: BURGESS & CO LTD, 13 KENSINGTON SQUARE, LONDON W1H 4HD. Tel: 01-937 927 921. Ref: 002203

RENTALS

BRUCE
& PARTNERS

ARE YOU LOOKING FOR A RENTAL PROPERTY IN CENTRAL LONDON?

We have a large selection of property, from family houses to one bedroom flats, furnished and unfurnished, short and long lets, in every price range.

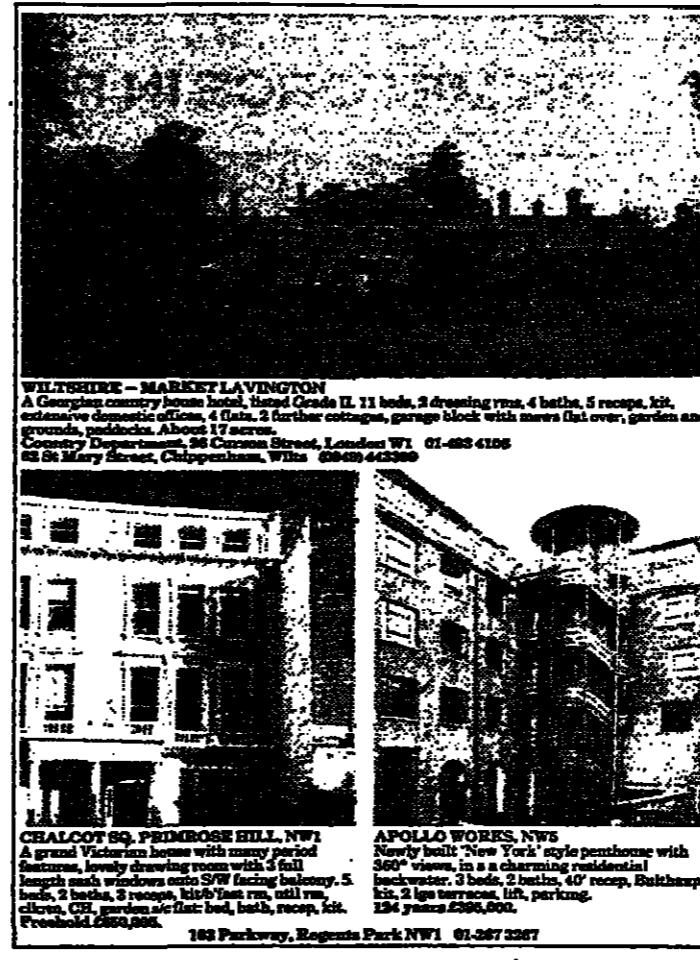
PLEASE CONTACT AMANDA NEWBERRY OR KATE EARLE ON 01-537 5884

ST. JAMES'S HOUSE, 13 KENSINGTON SQUARE, LONDON W1H 4HD. Tel: 01-937 927 921. Ref: 002203

LONDON

JOHN D WOOD & CO.

COUNTRY



WILTSIDE - MARKET LAVINGTON
A Georgian country house hotel. Listed Grade II. 11 beds, 2 dressing rms, 4 baths, 5 reception, kit, extensive domestic kitchen, 4 Gates, 2 further cottages, garage block with stables that over, garden and swimming pool. Tel: 01-493 4106. Ref: 002203



MIDDLESEX - BY PINNER HILL GOLF COURSE
Built in 1858 for the German ambassador to the Court of St. James the house is an interesting example of its period and the high quality of workmanship associated with it. Private and excluded it enjoys a beautiful garden and a splendid interior rich in period fittings, tiling and joinery.

Joint Sole Agents: Quillers, Queensbury Station Parade, Edgware, Middlesex 01-951 8282
Country Department, 26 Curzon Street, London W1 01-493 4106

London and Country Estate Agents

26 Curzon Street, London W1 01-493 4106

NEW HOMES

BIDWELLS 0223 841842

Chartered Surveyors

ESSEX Earls Colne, near Colchester

214 ACRES
IN 3 LOTS

Period Farmhouse with 5 Reception

Rooms, 6

Bedrooms.

Extensive Farm

Buildings.

Grain Storage for

950 Tons.

Offers Invited.

Joint Agents: Penn Wright Spurries

146 High Street, Colchester. Tel: 0206 764499

Stowes, Trumpington High Street, Cambridge CB2 2SF

VACANT POSSESSION

ST. MARY'S FARM

PALMER

SUSSEX

749 ACRES

Principal House

2 Cottages

Extensive Farm

Approx. 600,000 Litres Milk Quota

For Sale By Auction

Monday 10th April 1989

An Outstanding Residential Farm

Offering unrivalled privacy yet with

Access to London Victoria in about 60 mins

William H Brown

For further information and printed

particulars please contact William H.

Brown, 48 Silver Street, Gainsborough, Lincolnshire -

Telephone: (0427) 616118

QUINTON SCOTT

SURVEYORS-VALUERS-ESTATE AGENTS-DEVELOPMENT CONSULTANTS

Magnificent new detached house in exclusive private location with superb views over golf course. Master suite of bedroom, dressing room + bathroom, 4 further bedrooms, 2 further bathrooms, and shower room. 4 reception rooms, kitchen/breakfast room, utility, sauna, cloakroom. Attractive garden, double garage, sweeping driveway, swimming pool, gated security, gates + video entrance. Offers in the region of £350,000. Ref: 002203

01-946 9600

Wimbledon Common Office: 24 High Street, Wimbledon Common SW19 5DX. Telephone: 01-945 6500

GA

Town & Country

TENTERDEN, KENT
7 miles Maidstone - 10 miles Croydon - Exceptional country residence in lowly rural position suitable for a large family or small business. 4 bedrooms, 3 reception rooms, kitchen/breakfast room, utility, sauna, double garage, swimming pool, large garden and garage land, in all 16 acres. Offers around £600,000. Tel: 0173 824441

General Accident

22 Grosvenor Square, London W1X 9JF. Tel: 01-405 5555

LONDON PROPERTY

PRUDENTIAL
Property Services

ROLLOVER CAPITAL?

Build your own house on

100 ACRES

WITH OUTLINE PERMISSION

agricultural dwelling

EXTENSIVE TIDAL RIVER

FRONTAGE

range of buildings

Hullbridge (Essex) area

Offers over £300,000 invited

Tel: Work 0904 610018

Home 0423 324209

All prices exclude VAT

For further details write to:

Classified Advertisement Manager

FINANCIAL TIMES

10 Cannon Street, London EC4M 6AB

Ref: 002203

PIMLUCK OFFICE

47 South Audley Street, W1Y 9AF

Tel: 01-582 4573

CHARLES STREET OFFICE

20 St. James's Street, SW1Y 4AF

Tel: 01-580 4573

CHARLES STREET, SW1

A unique 20' x 15' top floor studio in beautiful

surroundings. Lots of light, in excellent order. L.H. 55 yrs

CAMPDEN HILL OFFICE, W8

26 Clifton Road, W8 1SX

Tel: 01-286 3632

CAMPDEN HILL, W8

26 Clifton Road, W8 1SX

Tel: 01-286 3632

CAMPDEN HILL OFFICE, W8

26 Clifton Road, W8 1SX

Tel: 01-286 3632

CAMPDEN HILL, W8

26 Clifton Road, W8 1SX

Tel: 01-286 3632

CAMPDEN HILL OFFICE, W8

26 Clifton Road, W8 1SX

Tel: 01-286 3632

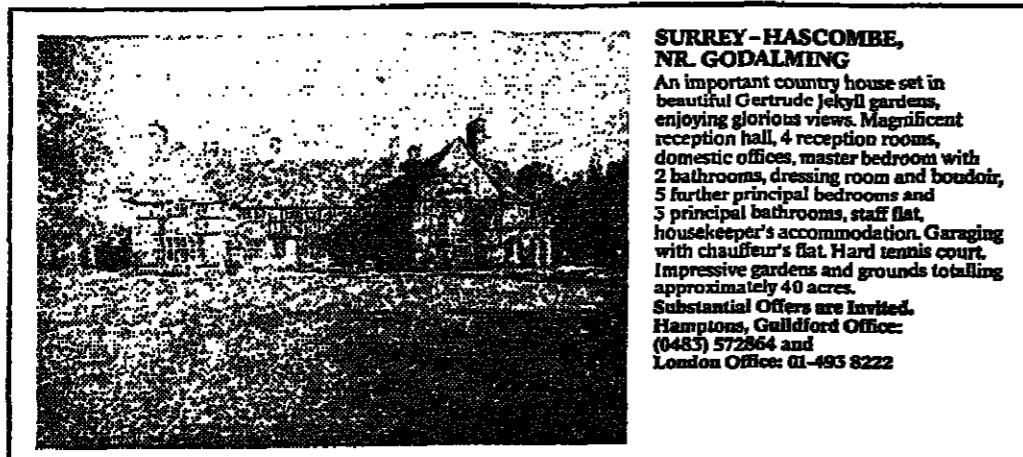
CAMPDEN HILL, W8

26 Clifton Road, W8 1SX

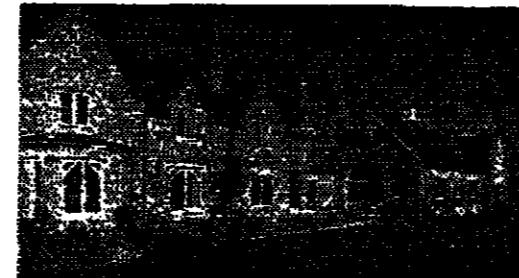
Tel: 01-286 3632

HAMPTONS

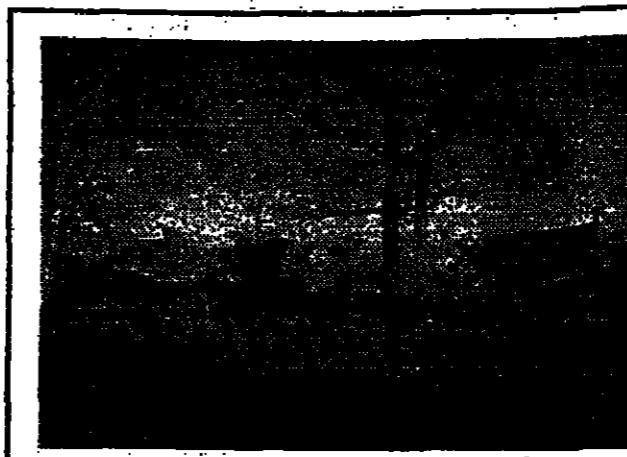
PRIME FORCE IN PROPERTY



SURREY - HASCOMBE, NR. GODALMING
An important country house set in beautiful Gertrude Jekyll gardens, enjoying glorious views. Magnificent reception hall, 4 reception rooms, domestic offices, master bedroom with 2 bathrooms, dressing room and boudoir, 5 further principal bedrooms and 3 principal reception rooms, study, hall, hotelier's accommodation. Garage court with chauffeur's flat. Hard tennis court. Impressive gardens and grounds totalling approximately 40 acres.
Substantial Offers are invited.
Hamptons, Guildford Office: (0483) 572864 and London Office: 01-493 8222



BEDFORDSHIRE - NEAR POTTON
A charming Victorian rectory, the centrepiece of a quiet rural hamlet, with magnificent views across open country. Entrance hall, 3 reception rooms, kitchen, master bedroom with dressing room, 5 double bedrooms, 2 en suite bathrooms, 4 reception rooms, indoor swimming pool, gymnasium. Staff flat. Triple garage. Gardens. In all approximately 2.25 acres. Freehold for Sale.
Hamptons, Barnet Office: 01-449 9246 and London Office: 01-493 8222



SURREY - LEIGH, NEAREGATE
A charming 17th century country house with later additions and cottage situated in beautiful and partly wooded grounds. Hall, 4 reception rooms, kitchen/breakfast room, domestic offices, 7 bedrooms, 3 bathrooms. Staff annex with living room, kitchen, bedroom and bathroom. Guest cottage with 2 receptions, 3 bedrooms and small garden. Gardens with heated swimming pool. Barns and large Outbuildings. Woodland and 2 paddocks. In all approximately 26 acres. Freehold for Sale.
Hamptons, Guildford Office: (0483) 572864 and London Office: 01-493 8222

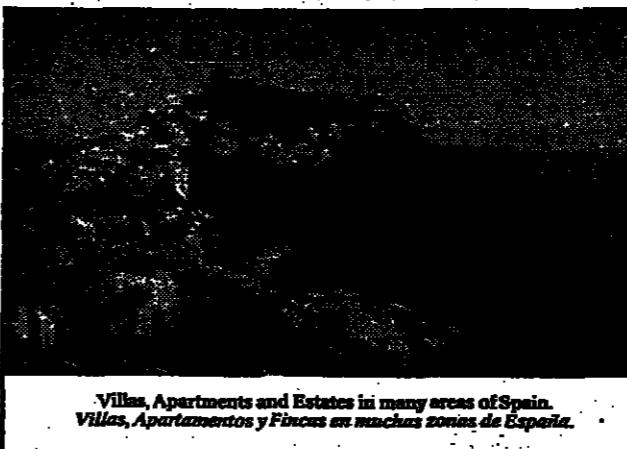


KINGSTON HOUSE, KNIGHTSBRIDGE, SW7
ON THE INSTRUCTIONS OF TRAFALGAR HOUSE DEVELOPMENTS LTD.

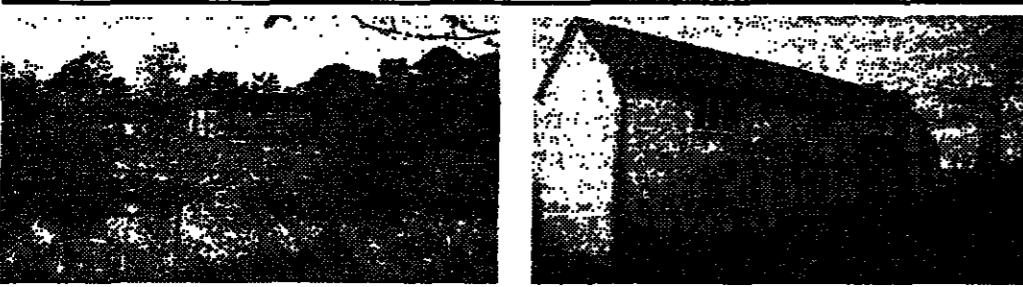
Selection of luxuriously modernised long lease apartments.
Prices from £425,000-£1,350,000.
Leases 99 years.
Joint Sole Agents: Hamptons,
6 Arlington Street, St James's,
London SW1A 1RB. 01-493 8222 and
Allsop & Co. 100 Knightsbridge,
London SW1X 7LB. 01-584 6106



BUCKINGHAMSHIRE - GREAT MISSENDEN
A sophisticated home designed with very careful attention being paid to integrating many luxury features with ease of maintenance and spacious living. 5 double bedrooms, 4 en suite bathrooms, 4 reception rooms. Indoor swimming complex. Grounds of about ½ acre. Grazing for 2 carts. Freehold for Sale.
Hamptons Christopher Rowland,
Great Missenden Office: (02406) 3134



For further information please contact:
Hamptons, International Department
01-493 8222



SURREY/HAMPSHIRE BORDERS - NR. EARNHAM
Particularly appealing country house with cottage, lake and approximately 7 acres, in a peaceful setting adjoining Alice Holt Forest. Principle bedroom suite with dressing room, 4 further bedrooms, bathroom, 3 reception rooms, kitchen, study, office. Gas CH. Separate cottage with bedroom, sitting room, kitchen, bathroom, further room and garage. Price Guide £100,000. Freehold.
Hamptons Messenger Mag. Farnham Office: (0252) 714164



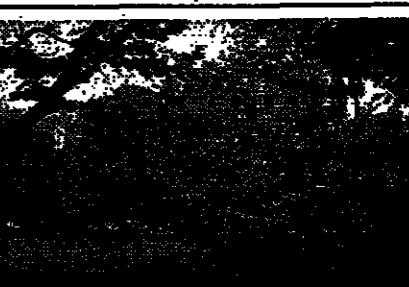
SURREY - NEWGATE
A delightful rural cottage overlooking farmland situated in a quiet lane on the edge of Newgate Village. The property has been extended and much improved but retains the character of the original cottage. Master bedroom suite, 3 further bedrooms, luxury shower room, 2 reception rooms, kitchen/breakfast room. Gas fired CH. Double garage. Garden. £240,000. Freehold.
Hamptons Bridgwater, Doding Office: (0306) 825466



ST. JOHNS WOOD, NW8
A stunning four bedroomed house offering superb family accommodation, with the benefit of front and rear gardens and parking for 5 cars. 6 bedrooms, double reception room, dining room, 2 en suite bathrooms, 2 shower rooms, family TV room, kitchen/breakfast room, utility room.
£725,000. Freehold.
Hamptons, St. John's Wood Office: 01-586 5999



BEVERLY HOUSE, PARK ROAD, NW8
Beautifully interior designed, exceptionally spacious, flat in a most impressive building. Lifted and with wide views over Regents Park. Entrance hall, double reception room, 3 bedrooms, 3 bathrooms, cloakroom, terrace. Balcony. Resident house manager. 24 hour security guard. Underground parking. Ind. Gas CH&HW.
£650,000 to include contents. 999 year lease.
Hamptons Residential Developments, Head Office: 01-493 8222



HURLINGHAM GARDENS, SW6
Excellent two bedroom first floor flat with spacious room, large double reception room, kitchen/dining room, 2 bedrooms, bathroom, separate WC. Gas CH. Offers in the Region of £150,000. Leasehold.
Hamptons, Fulham Office: 01-736 8211



KENSINGTON
COMPLETES THE ULTIMATE CENTRAL LONDON PICTURE
Hamptons are pleased to announce the opening of their new office at 8 Hornton Street, Kensington, London, W8 4NW. Tel: 01-937 5371.
In an area where there is great demand for residential property it is natural for buyers and vendors alike to seek a combination of local knowledge, access to international markets and first class rental, management and financial services. Hamptons now bring their years of West End experience to Kensington.



EAST SUSSEX - CROSS IN HAND

Substantial character country house formed from a period seat and barn. Hall, cloakroom, 5 receptions, kitchen, master bedroom suite with dressing room, guest bedroom suite with sitting room, 4 further bedrooms, 2nd bathroom.

Greenhouse. Garage. Stable block. Hard tennis court. Delightful gardens, paddock and woodland. About 6 acres.

Offers in excess of £460,000.
Hamptons, Mayfield Office: (0435) 872284

ESSEX - WIMBUSH, NR. SAFFRON WALDEN

Fine old farmhouse in idyllic countryside. A lovely property with lots of period features. Entrance hall, sitting room, dining room, kitchen, breakfast room, utility, cloakroom, 4 bedrooms, 2 bathrooms, sauna, Barn.

Outbuildings. Beautiful gardens. Paddock. 4½ acres.

Offers in the region of £295,000.
Hamptons, Saffron Walden Office: (0799) 22628

HAMPSHIRE - WINCHESTER

A newly converted magnificent 16th century barn conversion situated in a rural setting. The property is surrounded by land, 5 bedrooms including principal suite, bathroom, further shower room, entrance hall, reception, hall, 3 reception rooms, kitchen/breakfast room, utility room. Double garage. Good sized walled garden.

For Sale Freehold.
Hamptons Messenger Mag. West Office: (0252) 626225

Head Office: 6 Arlington Street, St. James's, London SW1A 1RB 01-493 8222 Telex 25341 Fax 01-491 3541
Offices throughout Southern England, Channel Islands, Europe and the Far East

COUNTRY PROPERTY

AT BEAUFORT GATE YOU CAN HAVE THE BEST OF BOTH WORLDS

Beaufort Gate COATES, Nr CIRENCESTER, GLOUCS.

A RANGE OF 3 & 4 BEDROOM TRADITIONALLY BUILT HOUSES IN A LOVELY LANDSCAPED SETTING

SHOWHOME OPEN DAILY 1am to 5pm

For a brochure, directions and further details please telephone:

TEL: (0285) 770881

Or contact the Selling Agents, Hobbs & Chambers: (0285) 654736

100% MORTGAGE FINED FOR 4 YEARS
WITH BUILDING AND SELLING

ASK ABOUT ALFRED McALPINE HOMES' FIXED RATE MORTGAGE SCHEME AT 10% FOR THE FIRST 2 YEARS.
(Subject to status on selected properties).

PRICES FROM £89,950 (3 Bed Semi)

100% MORTGAGE FINED FOR 4 YEARS
WITH BUILDING AND SELLING

ASK ABOUT ALFRED McALPINE HOMES' FIXED RATE MORTGAGE SCHEME AT 10% FOR THE FIRST 2 YEARS.
(Subject to status on selected properties).

PRICES FROM £89,950 (3 Bed Semi)

100% MORTGAGE FINED FOR 4 YEARS
WITH BUILDING AND SELLING

ASK ABOUT ALFRED McALPINE HOMES' FIXED RATE MORTGAGE SCHEME AT 10% FOR THE FIRST 2 YEARS.
(Subject to status on selected properties).

PRICES FROM £89,950 (3 Bed Semi)

100% MORTGAGE FINED FOR 4 YEARS
WITH BUILDING AND SELLING

ASK ABOUT ALFRED McALPINE HOMES' FIXED RATE MORTGAGE SCHEME AT 10% FOR THE FIRST 2 YEARS.
(Subject to status on selected properties).

PRICES FROM £89,950 (3 Bed Semi)

100% MORTGAGE FINED FOR 4 YEARS
WITH BUILDING AND SELLING

ASK ABOUT ALFRED McALPINE HOMES' FIXED RATE MORTGAGE SCHEME AT 10% FOR THE FIRST 2 YEARS.
(Subject to status on selected properties).

PRICES FROM £89,950 (3 Bed Semi)

100% MORTGAGE FINED FOR 4 YEARS
WITH BUILDING AND SELLING

ASK ABOUT ALFRED McALPINE HOMES' FIXED RATE MORTGAGE SCHEME AT 10% FOR THE FIRST 2 YEARS.
(Subject to status on selected properties).

PRICES FROM £89,950 (3 Bed Semi)

100% MORTGAGE FINED FOR 4 YEARS
WITH BUILDING AND SELLING

ASK ABOUT ALFRED McALPINE HOMES' FIXED RATE MORTGAGE SCHEME AT 10% FOR THE FIRST 2 YEARS.
(Subject to status on selected properties).

PRICES FROM £89,950 (3 Bed Semi)

100% MORTGAGE FINED FOR 4 YEARS
WITH BUILDING AND SELLING

ASK ABOUT ALFRED McALPINE HOMES' FIXED RATE MORTGAGE SCHEME AT 10% FOR THE FIRST 2 YEARS.
(Subject to status on selected properties).

PRICES FROM £89,950 (3 Bed Semi)

100% MORTGAGE FINED FOR 4 YEARS
WITH BUILDING AND SELLING

ASK ABOUT ALFRED McALPINE HOMES' FIXED RATE MORTGAGE SCHEME AT 10% FOR THE FIRST 2 YEARS.
(Subject to status on selected properties).

PRICES FROM £89,950 (3 Bed Semi)

100% MORTGAGE FINED FOR 4 YEARS
WITH BUILDING AND SELLING

ASK ABOUT ALFRED McALPINE HOMES' FIXED RATE MORTGAGE SCHEME AT 10% FOR THE FIRST 2 YEARS.
(Subject to status on selected properties).

PRICES FROM £89,950 (3 Bed Semi)

100% MORTGAGE FINED FOR 4 YEARS
WITH BUILDING AND SELLING

ASK ABOUT ALFRED McALPINE HOMES' FIXED RATE MORTGAGE SCHEME AT 10% FOR THE FIRST 2 YEARS.
(Subject to status on selected properties).

PRICES FROM £89,950 (3 Bed Semi)

100% MORTGAGE FINED FOR 4 YEARS
WITH BUILDING AND SELLING

ASK ABOUT ALFRED McALPINE HOMES' FIXED RATE MORTGAGE SCHEME AT 10% FOR THE FIRST 2 YEARS.
(Subject to status on selected properties).

PRICES FROM £89,950 (3 Bed Semi)

100% MORTGAGE FINED FOR 4 YEARS
WITH BUILDING AND SELLING

ASK ABOUT ALFRED McALPINE HOMES' FIXED RATE MORTGAGE SCHEME AT 10% FOR THE FIRST 2 YEARS.
(Subject to status on selected properties).

PRICES FROM £89,950 (3 Bed Semi)

100% MORTGAGE FINED FOR 4 YEARS
WITH BUILDING AND SELLING

ASK ABOUT ALFRED McALPINE HOMES' FIXED RATE MORTGAGE SCHEME AT 10% FOR THE FIRST 2 YEARS.
(Subject to status on selected properties).

PRICES FROM £89,950 (3 Bed Semi)

100% MORTGAGE FINED FOR 4 YEARS
WITH BUILDING AND SELLING

ASK ABOUT ALFRED McALPINE HOMES' FIXED RATE MORTGAGE SCHEME AT 10% FOR THE FIRST 2 YEARS.
(Subject to status on selected properties).

PRICES FROM £89,950 (3 Bed Semi)

100% MORTGAGE FINED FOR 4 YEARS
WITH BUILDING AND SELLING

ASK ABOUT ALFRED McALPINE HOMES' FIXED RATE MORTGAGE SCHEME AT 10% FOR THE FIRST 2 YEARS.
(Subject to status on selected properties).

PRICES FROM £89,950 (3 Bed Semi)

100% MORTGAGE FINED FOR 4 YEARS
WITH BUILDING AND SELLING

ASK ABOUT ALFRED McALPINE HOMES' FIXED RATE MORTGAGE SCHEME AT 10% FOR THE FIRST 2 YEARS.
(Subject to status on selected properties).

PRICES FROM £89,950 (3 Bed Semi)

100% MORTGAGE FINED FOR 4 YEARS
WITH BUILDING AND SELLING

ASK ABOUT ALFRED McALPINE HOMES' FIXED RATE MORTGAGE SCHEME AT 10% FOR THE FIRST 2 YEARS.
(Subject to status on selected properties).

PRICES FROM £89,950 (3 Bed Semi)

100% MORTGAGE FINED FOR 4 YEARS
WITH BUILDING AND SELLING

ASK ABOUT ALFRED McALPINE HOMES' FIXED RATE MORTGAGE SCHEME AT 10% FOR THE FIRST 2 YEARS.
(Subject to status on selected properties).

PRICES FROM £89,950 (3 Bed Semi)

100% MORTGAGE FINED FOR 4 YEARS
WITH BUILDING AND SELLING

ASK ABOUT ALFRED McALPINE HOMES' FIXED RATE MORTGAGE SCHEME AT 10% FOR THE FIRST 2 YEARS.
(Subject to status on selected properties).

PRICES FROM £89,950 (3 Bed Semi)

100% MORTGAGE FINED FOR 4 YEARS
WITH BUILDING AND SELLING</p

PROPERTY

Now is the hour for a serious sales pitch

John Brennan provides some timely tips on the best ways to impress potential buyers

BRACE YOURSELF. This is the year when, if you want to sell your home, you're going to have to work at it. It will be tougher still if you need to sell the place, need to sell it quickly, and need to sell it at more than a bargain-hunter's valuation. Thus, the job has to be tackled seriously.

The problem is one of confidence as much as economics, insofar as the two can be distanced from one another. True, a combination of high interest rates, low inflation and comparatively high level of property values in relation to earnings persuades economists that residential prices have run ahead of their logical market level. But all that really means is that it will be tiresome trying to sell your home to an

The rest of the home-buying public tends to take a longer, less starkly objective view. The problems this year will be because of the uncertainty, the lack of confidence based on the fear that buying now will seem like an expensive mistake later on.

Having been brainwashed — by mortgage lenders, agents and virtually everyone with an interest in a lively turnover of residential properties — into thinking that an Englishman's home is a guaranteed upward-only investment, there isn't a would-be buyer or mover in the country who hasn't been seduced into thinking of house prices as though they formed some brick-built version of the FT Index where timing is evidence of good, or bad, judgement.

Rationally, the fact that these avishly charted price movements ignore the costs of property transfer, repair and maintenance charges, and take no account of hefty spending on improvements, means that even the best constructed price indices can be no more than a guide to trends.

In any event, since the average home-owner stays put for between five and seven years, buying decisions based to any serious degree upon short-term variations in value must be suspect.

But that's rationality for you. It might be convincing intellectually but it doesn't count for much against the unconscious, pervasive machismo of a home-buying

culture in which it has become just as important to be able to say that your home is a sound investment as it is for an Italian driver to "win" the trifc lights.

The paradox is that, as far as selling a property is concerned, all this concern about house prices is largely irrelevant. You simply will not meet the people who have been put off buying. Viewers will be those who are planning seriously to make a move and who, by definition, have decided to treat the economic comments like a weather report — ie, a short of forecast for a freak typhoon or blizzard, even the roughest weather will not stop people from going out if that is what they are set on doing.

So, how do you go about convincing these serious prospective buyers — who now have the opportunity to be more selective — that they need to look no further than your property? A straw poll of estate agents suggests that, whatever other devices and stratagems you employ, price is without doubt the critical factor.

In a runaway bull market, it did not much matter how far up in line an asking price might seem to be with local comparable values. When every sale is contested, an auction-like euphoria — or panic — helps to drive up the hide in more reflective times, comparable prices count and valuers can, once again, do their work. Price is also the critical factor if you need to sell a place quickly.

But why does one realistically priced house sell and another, priced equally sensibly, stick on the agents' books for month after month?

One reason is that the property falls into an unexpected sales gap. There is no way of making sure that the advertising for a property will not appear just as the weather turns foul, or in time for some sudden national or world crisis that keeps people's minds off home-buying altogether. By the time the agents' telephones start ringing again, properties launched into one of these sales gaps, tend to be left behind. Would-be buyers either assume that the property they saw advertised weeks ago will have been sold, or that there is something wrong with it if it has been on the market for some time.

The only answer in these cases is to write off the first attempt to sell and start all over again.

Another more common (and far more easily resolved) reason for failing to sell is when a property has been placed with no more than estate agents. More often, one might be too many; these days, 1989 seems to be shaping up as the year of the sole agency.

Most of the national agency chains have now nailed their colours to the sole agency

too, too penny-pinching about sales promotion material.

He does, however, see clear limits to the degree of poetic licence in sales literature. "It's self-defeating to have a perfectly ordinary cottage made to look like Blenheim Palace, but you should do the best you can with it."

There is a marked divide between agents who believe that it is worth spending money inside a property for sale, and those who do not. Representing the spenders,

"You can't win because people's tastes are so different. It's much better to cover all that expense and send a few thousand advertising and presenting the place property."

Drawing in the full spectrum of agents' tips, there are a number of things you can do to help a sale along. Start from agency selection, a less parsimonious approach to sales promotion material, and resisting the temptation to try to buy a buyer by best-guessing their taste in new kitchen units.

avoids one dire selling gaffe. That is nearly as important as hiding the household smells.

Home buyers are, it seems blessed, or cursed, with residentially sensitive noses. And a common sales agents' plea is that, whatever else you do, make sure that the house smells fresh.

A safe bet is to brew up plenty of fresh coffee to crowd out the air waves for visitors. Fresh flowers also help, and they cheer up the rooms.

Among the more extreme sales aids, you can always invest a little time in the planning ploy of getting agreement in principle from the local council for additions and extensions that you might never wish to follow-up, but might inspire an expansion-minded prospective buyer.

A more ephemeral, not to say ethereal, suggestion is to beware of things that go bump in the night. Homes reputed to have ghosts seemingly pull in more viewers curious to inspect the house — in daylight — but such stories put off more buyers than they attract.

As for houses with a past, a little time researching the history can be well worth while, but that history needs careful editing. Sellers should emphasise any Royal links — however distant or tangential — and play down any tales of the violent deaths, crimes, or any controversial literary or theatrical associations.

As long as "easy access to the air" does not mean right under the flightpath; "historic" does not mean that it is a dangerous structure held together by the wallpaper; and "architect designed" does not mean that it needs a set of architects' plans to find the front door, the quiet start to the market in 1989 should not be taken as reason to shelf the idea of a move.

Farley & Co reports that, for a prime quality property, a modern kitchen these days means one with, at a minimum, waste disposal, dishwasher, up-to-date cooker, washer-dryer, good storage and well-lit worktops. Bathrooms, they say, "should, in many respects, be the most luxurious rooms in the house." And that means, in an ideal world, "Jacuzzi twin basins and separate high-power shower."

That, it seems, is what you need to make a sales impact in the refined world of investment-rental properties. For more mundane homes, Farley accepts that a freshening-up might be adequate to sell successfully — a point echoed by Ramsay, who would not advise a vendor to look beyond that freshening-up and basic repairs.

He doubts if it is ever worth spending anything on improvements ahead of a sale. "When people do spend money, it's almost invariably the case that people who look it over say 'I love the house but I hate that kitchen' or that a couple of super-decorated rooms just emphasise that the rest of the decoration has aged."

Farley & Co reports that, for a prime quality property, a modern kitchen these days means one with, at a minimum, waste disposal, dishwasher, up-to-date cooker, washer-dryer, good storage and well-lit worktops. Bathrooms, they say, "should, in many respects, be the most luxurious rooms in the house." And that means, in an ideal world, "Jacuzzi twin basins and separate high-power shower."

Front doors are, it seems, critical. A number of agents say that prospective buyers' whole approach to a property can be affected by the state of the front door. And since a ritual daily washing of steps and door polishing went out with scullery maids, an astonishing number of even the most expensive properties have down-at-heel, rather depressing entrances.

Sprucing up the front door is in line with keeping the lawn mowed, and tidying the garden generally. Having the windows cleaned more often than usual helps. So, too, is making sure that all the light bulbs are working, particularly if they are in rarely visited parts of the cellar, a garage or a shed.

The perverse law of buyers' visits dictates that the one light that's never been needed in years is the only one that's tried. And, dead bulb or not, if the switch merely flicks on an embarrassed silence, those visitors will think automatically that the entire electrical system is suspect.

Hiding the DIY manuals and restraining the urge to talk about your amateur efforts as a structural engineer will

AUCTION OF LORDSHIPS OF THE MANOR

In the counties of Somerset, Kent, Sussex, Nottingham, Norfolk, Cumbria, Meath and Roscommon.

On the instructions of The Earl of Carlisle, The Earl of Darnley, The Viscount Ridley, The Lord De Freyne, The Lord Walsingham

at Painters Hall, Little Trinity Lane
(off Queen Victoria Street) London EC4
at 2.30pm on Tuesday 7th March 1989.

23 Lordships of the Manor and 1 Feudal Barony by auction in separate Lots (including the Lordship of Gravesend, Kent and the Barony of Ballymoe)

Catalogue £25.00 (£15.00 overseas) from
The Joint Auctioneers:
MATERIAL RESEARCH PLC
104 Kensington Road
London SE11 6RE
(tel: 01-735 6633)
(fax: 01-562 7022)

Smith-Woolley
32 Station Road
Cambridge
(tel: 0223-362596)
(fax: 0223-460385)

SCOTTISH HIGHLANDS near INVERNESS

FORESTRY INVESTMENT

- 142 Acre Plantation and Planting Land
- Spectacular country-side setting.

Offers in excess of £35,000

Fountain Forestry Limited,
Bellington House, Bellington,
Berwickshire, TD12 8AC
Tel: 0295 750007
Fax: 0295 750007

Knight Frank & Rutley

Staffordshire
Eccleshall

Stafford 9 miles
Wolverhampton 21 miles M6 8 miles
Exceptional property in a
rural setting.

3 reception rooms, 2 bedroom suites,
Oil central heating, large lunched
barn, 3 car garage.

Gardens and paddocks.
River frontage.

About 4 acres.

Apply: Shrewsbury (0743) 241181
(KAB/10476)

GA Town & Country

HAMPSHIRE

- LYMPHINGTON PORTMORE FARM
- Small forest farm with 22 acres and extensive outbuildings, close to the forest and Solent shore.
- 2 reception rooms, 4 bedrooms, integral double garage, oil heating, mature garden, bridge and water feature.

Auction price guide £350,000
£15,000

GA Town & Country,
Lymington.

Tel: (0590) 75025

Please contact:
Stephen Montague-Jones

TEST VALLEY NR. STOCKBRIDGE

England's most scenic village, which stands in approximately 25 acres of beautiful landscaped gardens.

Well appointed accommodation with guest annexe, peaceful location. Full particulars upon request.

GA Town & Country,

Tel: (0962) 644822

Please contact: Stephen Cross

MID SUFFOLK

3 superb terraced Tudor listed cottages reconstructed to highest standard. Perfect village setting. North point Ipswich.

Ideal commuter/weekender.

From £82,000

For brochure Tel: 01-240-9450 (24hrs)

INTERNATIONAL PROPERTY

SOUND INVESTMENT IN TRANQUILLITY

— MENORCA —

Country Club

Call

(0932) 243104
(0932) 243168

Mon-Fri 9.30-5.30 for brochure, video and other information.

This is the place... now is the time...

Streeperton Marina, Felan
Saropet, Menorca, Spain

ALTO DOMOINHO (Windmill Hill) ALGARVE - ALBUFEIRA

Luxury Apartments, 1 and 2 Bedrooms with Breathtaking Views of the Coast Line.

Prices from: £ 60,000

Exclusive Sales & Marketing

London Office: TEL: 01-323 0203

Head Office: Algarve, Portugal, Tel: 351-89 55435/595

Details & Appointments:

HILARY SCOTT OVERSEAS

Church Lane, Barmouth,
W. Gwynedd, LL42 0EB

Tel: 01654 741318

Fax: 0243 853406

SWITZERLAND

THE WHITE HIGHLANDS

CHATEAU D'OEX - GSTAAD VALLEY

Exclusive apartments and individual chalets in internationally famous resorts and traditional villages, ideally located between Geneva and the Bernese Oberland.

Swiss chalets at competitive prices.

Individual inspection visits.

Apartments — from £80,000

Chalets — from £150,000

Details & Appointments:

HILARY SCOTT OVERSEAS

Church Lane, Barmouth,
W. Gwynedd, LL42 0EB

Tel: 01654 741318

Fax: 0243 853406

INVEST IN NORMANDY

New apartments built in traditional style by CATHERINE MAMET

in various locations including:

DEAUVILLE, CABOURG, HOULGATE AND

VILLERS SUR MER.

Prices range from 300,000FF to 890,000FF.

Details of these and other Catherine Mamet developments in

Brittany, The Alps, Cote d'Azur and South West France from:

THORNCLIFFE PROPERTIES, 29a Union Street,

Woodstock OX7 1JF. Telephone: 0993 812171

SWITZERLAND

Sale to foreigners authorized

Lake Geneva & Mountain resorts

You can own an APARTMENT or CHALET in: MONTREUX, TRANS-

MONTANA, VERBIER, VILLARS, GRIMENTZ, CHATEAU-D'EX, region of GSTAAD, LES DIABLETTS, LEYSIN, JURA, etc.

From St. 150'000.— Mortgages 60% at 6% interest, 5-20 years

REVAC S.A.

OUTDOORS

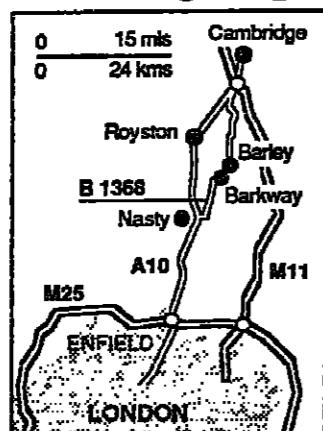
LEFT Cambridge to the first splinters of bird-song in college gardens, and with no soul on the streets save a fluorescent road-sweeper gathering the night's detritus of beer cans and junk food wrappings. This is a street in the heart of the town which appears devoted entirely to pizza: a device once intended to alleviate starvation in Naples but now the staple of provincial England.

Daybreak is a misnomer here; for day does nothing so violent as breaking. The darkness gives way by degrees, to which most of us are quite oblivious. And if the moon is the flag of the night, then the capitulation was not signalled finally until a quarter to nine as day was trumpeted by skies coloured a deeper shade of FT pink.

So, sunlight assisted me along the London road. This - or the B1368, as it is charted - is a route that pre-dates arterial networks and is, consequently, disregarded by most drivers. It is marred partially by milestones, crested with the crescent of Trinity Hall, and a cyclist appreciates these tokens of his progress. I imagine this as the route favoured by those dons who would walk from Cambridge to London as a common-room challenge with a bottle of claret resting on being able to reach Marble Arch by midnight, having set

To Marble Arch by midnight

Nigel Spivey on a bicycle trip from Cambridge to London



out from the college gates at five in the morning. That amounts to a very brisk pace I should have wanted at least a crate of claret for such punishment. But I had settled for the bicycle, and I have to report that this London road was entirely pleasurable.

It brought me to the modest undulations of the Essex highlands; it offered diversions to the gems of those highlands, namely Arkesden and Wenden Ambo; and some good prospects of decent churches. The fields around are over-large, of course, and the inhab-

itants hereabouts overtly prosperous. But the Women's Institute is still a force to be reckoned with; there are villages such as Barley and Barkway that convere their elders in half-timbered halls, and local produce is put out for sale at the side of the road. Our pizza-based society will have gone properly rotten when sacks of manure, or jars of jam and fresh-picked flowers, cannot be placed for sale at the roadside with no more than a plant pot to receive payment.

In due time, I halted at a hostelry and pulled out a book.

A book? Yes: the wayfarer needs a book, and indeed there were once series of books produced precisely for excursionists such as me. These are mostly anthologies, edited by E. V. Lucas and his ilk, or nature notes by Richard Jefferies and others; most seem to have been issued in the first quarter of this century. Mine was a half-bound volume called *The Pocket Plate*, so I allowed myself a pint of bitter with some scratchings of Athenian wisdom.

Hertfordshire is the county in which I was born, so I retain some affection for it. But my journey began to deteriorate. I

was a damsel in the infernal River Styx, ringing the damned

resisted the temptation to deviate to the village of Nasty, although I could have made something of that in the style of Bunyan: for the London road joined inexorably with the A10, which is a thoroughfare that torments the cyclist by the velocity and proximity of its traffic. The road developed into a highway to hell, and I felt myself borne along almost passively by the great gusts of suction in the lee of lorries and hurtling cars. If you had told me that these beasts had been let loose from a place called Nasty, I should have believed you.

It was along the A10 that I became conscious of the quantity of debris that exists on the margins of a busy road. It is prodigious. Some of it is pathetic - one newly-dead fox, two clobbered magpies, numerous sparrows, and pigeons sufficient to fill a substantial pie; and some of it is to be expected - hence plenty of hub-caps and at least five orphaned number-plates. But most of it is a dross of discarded cigarette packets, sodden print, and muddied bottoms and bosoms.

The M25. Viewed from a bridge, it is like the infernal River Styx, ringing the damned

and blessed of London with its ceaseless current of vehicles. I passed over with some awe, and was soon enough tested by the trials and intersections of north London. Whether the north Londoners are damned or blessed, I cannot tell: their concepts of paradise are probe-

ly rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

Of my passage through the metropolis, I need say little. Cambridge is still a place in which the bicycle is a convenient and tolerated conveyance. In London, I slipped easily into the mentality whereby all car-drivers are blackguards - the same mentality that led W. H. Auden to impugn the diesel engine as the "chief woe of our commonweal," and which induces in the cyclist the gloomy intimation that he is the last person on earth who is friendly to that earth.

When I dismounted, I found myself shaking, not with fatigue but with frayed nerves. I staggered into a telephone booth to order a hot bath and was invited to sit myself to Olga the Whippet. Was this hell?

The late winter twilight came down. Night was no-nobilising: the London skies turned to a basic FT pink, but, unlike those of the morning, these were ticked with orange flames.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

Of my passage through the metropolis, I need say little. Cambridge is still a place in which the bicycle is a convenient and tolerated conveyance. In London, I slipped easily into the mentality whereby all car-drivers are blackguards - the same mentality that led W. H. Auden to impugn the diesel engine as the "chief woe of our commonweal," and which induces in the cyclist the gloomy intimation that he is the last person on earth who is friendly to that earth.

When I dismounted, I found myself shaking, not with fatigue but with frayed nerves. I staggered into a telephone booth to order a hot bath and was invited to sit myself to Olga the Whippet. Was this hell?

The late winter twilight came down. Night was no-nobilising: the London skies turned to a basic FT pink, but, unlike those of the morning, these were ticked with orange flames.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

It is rooted deep in the Costa Brava, and they lack the redeeming air of criminality possessed by their neighbours in east London. I find it hard to accept that the genius of Charles Lamb once graced Enfield; and even harder to believe that having declared, "Thank God, I have repudiated Enfield," he removed no further than to Edmonton in the parish graveyard of which he lies now.

comfor
heritage
Cadoan appla
areas

DIVERSIONS

Green gringos on the Amazon warpath

Ivo Darnay sits in on an ecological pow-wow in the Brazilian rain forest and finds himself warming to the environmentalists' arguments

ALTAMIRA, Sunday
February 19

WINGING out over the Amazon city of Belém in rickety Fokker, the passenger in the next seat is revealed to be Geraldine, a daughter of Lord Redesdale, the newspaper baron. Elsewhere on board, rumoured to be a cowboy-hatted Belgian Euro-MP, several Friends of the Earth enlightened New Agers, singer Whistle Earthers and half a dozen cynical television crews, probably already on location.

Our destination is Altamira, a dusty township of 60,000 souls, 700 kilometres to the south-west of the banks of Xingu, a major Amazon tributary and now the proposed site of a vast new \$5.5bn dam complex. Thanks to the fiercely combative local Caiapo Indians, this has become the ecological and Indian rights' movement's latest frontline. Whether it will turn out to be Custer's Last Stand for the Brazilian authorities or Little Big Horn for the Indians is what we have come to see.

With drought in the US mid-west and summer weather in London in January, the world's finger is pointing at the destruction of the Amazon rainforest as the culprit and Brasília is in raged retreat to regroup its forces. Last year, the government prosecuted two Caiapo leaders and an American anthropologist for damaging national interests by pleading their cause to representatives of the US Congress and the World Bank. Now, with the gringo invasion imminent, the charges have been hurriedly dropped. An environmental agency has been formed and the Foreign Ministry is setting up an ecology and human rights department to fight a good public relations fight.

At Altamira's airstrip, cowering passengers with only hand luggage easily beat those laden with propaganda to the assembled taxi vultures. A pick-up takes us bounding over potholes past the Kiss Me Motel (soon to become the residence of The Times) and on out to the Indian encampment.

It is here that any notion that the Caiapo might be humbled by years under the white man's yoke is swiftly dispelled. We are met by an awesome, 6ft tall warrior. His long lank hair is crowned by a parrot-feather headdress, his body draped in beads and shells, his face masked by crimson warpaint. In his hands is a half-drawn bow, the scythe-sharp arrow seemingly targeted directly at my palpitating heart.

The etiquette in such circumstances is not learnt while reporting on British trade unions or the EC Commission. Does one ask to be taken to his leader, or number

something about coming in peace? In the end, I can manage only a stumbling: "Do you, by any chance, speak Portuguese?" It emerges that the Caiapo are not "At Home" today, so it is back to town and a chance meeting with the local left, who explain their fears over the dam scheme. Waldyr Camer, the state deputy for the radical Workers' Party, talks of the Tucuruí barrage 500 kilometres to the east, a sorry story of poisoned water, unfulfilled promises, unmet hospitals and schools, malnutrition, disease and despair. "We are not against progress, but it is progress for who?" he asks. All admit, however, that at least 70 per cent of the townspies here are the dam.

The most emotional moment of the day is missed altogether when Palakan, the instigator of this unprecedented multi-tribal National Indian Meeting, returned after weeks of propagandising to meet his chief at the airport. Both men, in accordance with Caiapo custom, wept profusely to express their joy at being reunited. "It is perfectly logical," one informed observer explained. "They cry to express their regret at the time they have been apart."

Brigitte Bardot and Tam Dalyell, MP, Britain's patron saint of lost causes, are due to arrive tomorrow, though not one trusts, together.

Monday

IT IS soon after dawn and the Caiapo are tantalising us with an astonishing foot-stomping ritual dance in which two villages metaphorically fight, but then unite. The "warriors" are shouting: "Coo... ee."

Suddenly, two red-painted, machete-wielding women scream a hideous chant, the fatter one ignoring a monkey on her arm which is playfully tweaking her bare nipple. Someone asks an American expert what the words mean. With the gravity that only a full-blooded anthropologist can muster, he replies: "They are singing 'We are standing here singing'."

As the television crews scamper about their own clumsy rituals, they themselves are coolly filmed by Caiapo warriors, expertly wielding the latest JVC video cameras. This it emerges later, is another example of Palakan's organisational genius. The film, evidence of the tribe's international prestige, will be shown to other villages to boost morale for the fight to come. Seven cameras are owned by the Caiapo and Palakan himself never travels without one, using it to film the misery of Brazil's favelas - shanty towns - to discourage emigration to the white man's world.

The Caiapo are justly feared by many of the two dozen other tribes now arrived,



A Caiapo Indian and child during the dam conference

some of which have travelled six days to the meeting, but which have refused to camp with them for fear of attack. But their warrior tradition and tightly integrated social structure is probably why they have survived so far, though their total number - perhaps at best 8,000 - is thought to be only a twentieth of what it was 200 years ago.

Today, it is Caiapo determination, much of it attributable to Palakan, that has persuaded the Xavante, the Avaras and the bead-wearing Gavio from 1,500 miles away to ignore centuries of enmity to join them in their common struggle against the brancos.

As the conference opens in a concrete community centre, Fernando Mesquita,

the governor's ecology boss, discreetly pleads Brasília's case in the wings - a tale of foreign debt and no resources. "The environment is not an isolated problem," he says. "There are 200,000 Indians, but in the largest favela in Rio de Janeiro alone we have 300,000 extremely poor people and 10 per cent of them are armed."

In the afternoon, the pro-dam movement mounts a formidable show of strength with a parade of poster-covered trucks - "Dam yes, gringos no," and farmers on horseback.

"It's just like cowboys and Indians," Geraldine comments later, "only for real." We are worried about her. She is threatening to don Indian warpaint and it is said to take two weeks to wear off.

Tuesday, lunchtime

ALL THE gringos have got broad told-yo-so grins. At the opening of the set-piece confrontation between the Indians and Electronorte, the dam-building authority, the good guys wipe the floor with them. Better still, the impassioned speeches and choreographed ritual violence made television worthy of a John Ford movie.

But just a few of us appear like Doubting Thomases at the feast. Is it really such good news that a project aimed at supplying energy and work to Brazil's starving millions should be seen off by the admittedly persuasive cause of what the authorities claim will be the displacement of just 34 Indians?

There is a lot of talk about alternative energy sources and power saving measures, smaller dams and other sites. But even Stephan Schwartzman, of a Washington-based Environmental Defence Fund, concedes that the dam appears technically efficient and would supply very low-cost power. Like everyone, however, he remains sceptical at Electronorte's promises to look after local ecology, and their alleged failure adequately to consult the people certain to be affected.

Back in town, Wanderlândia de Oliveira Cruz, organiser of yesterday's pro-dam rally, confesses that he is sceptical, too. Altamira was built on the hopes of the great migrations in the early 70s when the then president promised that the Transamazonica Highway would offer "a land without men, for men without land."

Today, Altamira is a dump, its infrastructure creaking and not an asphalted road in town. "Only this dam will buy us the things we need," says Cruz, but he adds, "It's not Electronorte that if they don't deliver, we will be out there with the Indians demonstrating too."

Meanwhile, more white chiefs have ridden to the forests' rescue. Anita Roddick

of the Body Shop is here, full of fiery rhetoric and looking for plants. "I don't think this is a dress rehearsal," she warns. "At 46, I think we have only got so much time."

Sting, the pop star, has also arrived. But Tam Dalyell is reported to be stuck at Rio airport and, oh dear, Geraldine ignored our advice.

Wednesday

XAVANTE warriors with pudding basin hairstyles are hogging the coffee stall tables outside the community hall. They are learning our manners.

Subversive rumours are circulating that our savages are more clever than noble. A Caiapo village chief, improbably known as Colonel Pombo, who is famous for his feather-duster headdress, is said to own a private plane. Local pro-dam Altamirans hint knowingly that all the tribesmen are doing is upping the ante for compensation when the dam inevitably comes. There is no service of this, but the black propaganda serves its purpose.

Fernando Gabeira, the leader of the Brazilian Green Party, who once kidnapped a US ambassador during the military years, makes a good stab at convincing the sceptical backs by claiming that Electronorte has badly overestimated future energy demand and its own resources. But it is only when Allan Poole, an affable American with years of experience in Brazilian energy planning, puts a pragmatic, non-ideological case for a five-year delay that the remaining doubts are laid to rest.

Thursday, breakfast

AT THE Lisboa Hotel, Ms Roddick and a man who makes films about tropical medicine are discussing voice-overs. Reuters beat Associated Press to the coffee table. The Daily Telegraph is still in bed. Soon we will all be gone and Altamira will resume its normal lethargic rhythm.

But something hard to pin down, perhaps even important, appears to have happened here this week. For the first time, the collective voice of Brazil's Indian nations has been heard loud and clear across the world. To their surprise, the suspicious residents of Altamira have found out that gringos are, in the end, much like them - if richer. And a real debate has taken place about an issue concerning the whole world.

After 21 years of military rule, Brazilian democracy is not merely taking over, but seems in rude good health. It was a pity that Brigitte Bardot failed to make it. But Tam Dalyell has arrived with two cameras for a stranded ABC crew. Unfortunately, neither works.



Christopher Columbus

England had the world at its feet but . . .

Tom Norris explains why the consequences of a decision taken 500 years ago are felt today

FIVE hundred years ago this month, the English government took a decision of enormous consequence. It decided to fund a modest scientific experiment.

The scheme's proposer pointed out its long-term promise to revolutionise patterns of sea communication and so enable England to dominate world trade. He could not point out, because he did not yet know himself, that it could lead to the discovery of a New World which England could have been licensed to annex.

The proposer's name was Christopher Columbus. The English government which took that disastrous decision was, to all intents, John Morton. Like Prime Minister Margaret Thatcher, he was born in the provinces to a family of modest means. Educated at Oxford he, too, trained as a lawyer, aimed at power and, once there, was remarkably difficult to shift.

He survived in government through the reigns of Henry VI, Edward IV and Richard III (a remarkable feat) and engi-

nied the succession of Henry VII and the Tudor dynasty. He remained the latter Henry's Lord Chancellor (the medieval equivalent of Prime Minister) for 13 years, a period not yet matched even by Thatcher, and became a cardinal in 1492.

In economic affairs, Morton and Mrs T would surely have seen eye to eye - adjusted appropriately through the lens of their time, of course. Morton was possibly the most effective manager of the public purse in English history. He kept outgoings to a minimum, re-organised the system of taxation, and made the civil service of the day thoroughly efficient. In little more than a decade, England's finances were transformed from penury and chaos to order and prosperity. Even today, the term "Morton's Fork" is known scarcely less well than "Thatcher's Monetarism."

Shrewd as he was, though, Morton missed the greatest opportunity of all. Because of him, the New World tell to the Spanish and the effects of his failure are still with us; indeed, they always will be. For the result of short-term economy in the area of discovering knowledge is likely to be a long-term spectacular loss.

All that winter of 1488-89, Columbus had been pestering Henry VII and Morton to back his attempt to sail to the East Indies by heading west. He sent his brother, Bartholomew, to London in person to show them his maps, explain his reasoning, draw attention to scientific and historical evidence and detail the costs. He would need three ships at least, provisioned and manned for a two-year voyage. It was a considerable expense, but not a crippling one. The exchequer could have borne it without distress.

Admittedly, neither Portugal nor Spain had jumped at the chance - so far - and England was only the patron of third choice. But Columbus lived in Portugal and spoke Spanish better than English, so they had been offers of convenience. He might well have favoured the prospect of English patronage; after all, the development of his theory had been influenced by English

experience.

The idea did not come to Columbus in a flash. He had heard a story long widespread in northern Europe, especially among mariners, that there existed somewhere out to the west a great, undiscovered land. They had even agreed on a name for it - Brazil. English deep-sea fishermen, in particular, had the possibility of its discovery in mind as they ventured further and further west in search of richer fishing grounds: Ireland, Iceland, Greenland.

A subdued confidence was growing among them that where the same fish swam, the same laws of nature might safely apply. Perhaps the world did not suddenly drop off a western edge. And there is good evidence that Columbus accompanied at least one such voyage out of Bristol in 1480 in pursuit of the knowledge the English sailors had already.

So, Columbus was favourably disposed to English participation and must have been hopeful of financial support. In the four years of Henry VII's reign so far, Morton had been

seen to manipulate taxation policy in favour of overseas trade in English ships, and here was Columbus offering the ultimate development - a monopoly on western trade with the Indies to supplant the Venetian stranglehold on Eastern routes.

Christopher Columbus did well. He achieved a succession of interviews with the king and his council. He caught the king's interest and appears to have been close to clinching the support his brother needed. Such contemporary evidence as survives indicates that Henry had a flush of enthusiasm for exploration and discovery, almost at the level of Prince Charles for architecture today.

However, something was said by someone to cool down the king. It seems logical to deduce that it was said by John Morton. His was the dominant voice in council. He was its only ever-present member. He was wise, experienced, perceptive and successful. He was correct basically in his assessment: the cost of funding the voyage was known and consid-

erable: the gain was unknown and speculative; the scheme was in competition with many other calls for spending; the government should fund only what it had to; ergo, it should not fund Columbus on Eastern routes.

Unfortunately, the conclusion proved short-sighted. Within Morton's remaining years in office (he died in 1500), he was to find himself funding more expensive voyages, for example those of John and Sebastian Cabot in a vain attempt to retrieve what had been missed.

Today, other scientific experiments again call for public financial support. To take just one example, the HOTOL concept - that for a re-usable shuttle that would carry passengers and cargo on the edge of space - appears to be one of potentially gigantic consequence, possibly capable of opening new dimensions in transport and trade. The rationale applied by Morton to the Columbus experiment appears, unfortunately, to be winning the argument once more in this case: certain cost, speculative gain - therefore, no action.

Chess

cautious about highly booked openings which are analysed to move 20 or beyond. Conversely, the weaker side should aim for conventional variations like the closed Ruy Lopez, where you can progress a good part of the way towards the haven of move 30 while remaining in the shelter of Batsford Chess Openings or ECO.

Another key factor in adjudication chess is that material advantage gains in significance. If you are a pawn down with no special compensation in a tournament, there is still all to play for with many chances to turn the game round, pull off a tactical escape or squeak an "endgame" draw. But be a clear pawn down at move 20, when adjudication is at move 30, and your deficit might as well be Queen. Even if the technique to pre-empt events by direct negotiation.

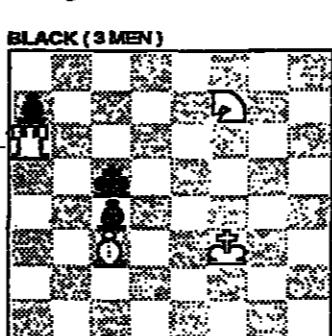
Coming up to move 25, you have a slight edge but material is level and there is no forcing line. What should you do in the last few moves before time is called? The recommended technique is window-dressing: put your pieces on the most active and impressive squares available. Centralise knights, place rooks on open files, line up the bishops towards the enemy king. In marginal situations, which form a large part of the adjudicator's diet, he will be impressed by the general look of a position in deciding between a win and a draw.

Objectively speaking, the correct verdict would be 0.75 to one side and 0.25 to the other, but the adjudicator is not permitted that choice. If you get the verdict on the general strength of your position, it is very hard for the other side to appeal successfully.

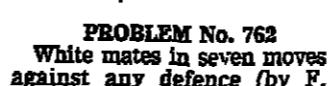
Finally, remember the appeal procedure. Adjudicators are not infallible, and successful teams will often ask their top board to have analysis and conclusions prepared in case they have to be challenged.

It is good experience to analyse your own adjudications in depth with the aid of a chess computer. Motivation to find a win or draw aids insight, and you might even have the satisfaction of a successful appeal and proving the expert judge wrong.

BLACK (3 MEN)



WHITE (4 MEN)



PROBLEM No. 762

White moves in seven moves against any defence (by F. Anderson, 1981). A seven-mover sounds hard, but White makes exactly the same sequence however. Black replies, so it becomes a test of your skill in knight manoeuvres.

Solution Page XXIV

Leonard Burden

Bridge

King. Declarer ruffed and drew the last trump, then led the 10 of hearts. In the four-card ending, West held four spades to the ace, dummy held knave and nine of spades plus queen and 10 of diamonds. South held three hearts to the eight plus the club queen; and I held spade five, heart nine, and ace and seven of diamonds.

I played my diamond ace and South made a mistake by ruffing it. If he discards, he scores one more trick. As it was, he led a heart to my nine and dummy was squeezed. This rarity was thrilling and well worth the 700 points which we received.

The second hand of more recent vintage was played by Bruce.

N J 10 8 7 3 K 5 Q 9 4 A J 10 7 3 8 6 2 Q 2 8 5 3 7 4 3 2 S A 6 Q 9 4 A K 10 7 4 A K 5

At game-all sitting South, he was dealer and opened with one no-trump. North said two clubs, South replied two diamonds, North bid two no-trumps.

Dummy's nine of diamonds was played. I took with my knave and followed with the

trumps and South went to three.

West led the heart knave and we with the king. The diamond king was cashed, lost to the queen. West was played but he found a good return in the king of spades. South allowed this to win - brilliant.

The five followed. East ducked and the ace won. The

DIVERSIONS

So who needs a human opponent

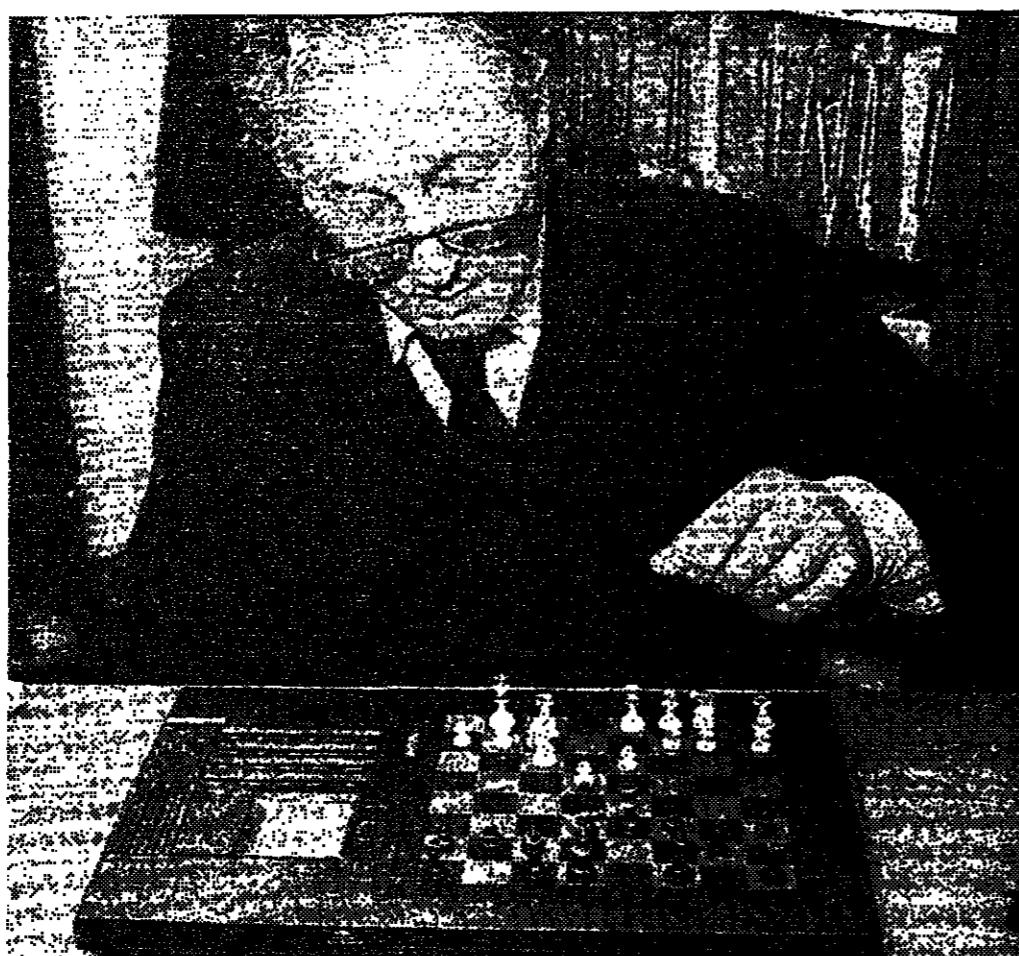
Anthony Curtis discusses chess computers that tax most amateurs and can even beat the experts

Some people have an instinctive aversion to playing chess or any traditional board game with a computer. They feel it is degrading to play against a faceless, inhuman mechanical opponent, and peculiarly humiliating to lose against one. They miss the camaraderie and the rivalry arising from a "friendly" game against a fellow-human being.

This is an understandable reaction, but it would be a pity if it prevented anyone from benefiting from the lessons which almost all but the very strongest players have to learn from computer opponents. These should be thought of as coaches or seconds with which you can learn to master aspects of the game hitherto beyond you. Thanks to the computer's patience and exactitude, you nearly always return to your human opponents a vastly improved player.

Dedicated games computers, and software games programs for use with home computers, have made enormous strides over the past 10 years. The incentive for the companies that have funded the research into the dedicated models — such as the American Fidelity, the German Mephisto, the Scandinavian Novag and the Swiss Saitek — is based on a knowledge that a successful model can be marketed extensively all over the world. There are now two or three international chess tournaments in which all the contestants are computers.

It is important to realise that a chess computer does not merely learn huge sequences of moves by rote and re-produce them; it is programmed to evaluate the position at each point with considerable subtlety and depth, and then to make a decision as to which piece to move and where. The Victor Frankenstein who do the programming often cannot themselves



Anthony Curtis tries his skills against the Simultano chess computer

beat their own computers once these are fully fledged and fly the nest. A chess computer recently defeated a former US champion Arnold Denker by 3½ to ½ in a set match, and several present champions have been beaten or held to a draw by a computer in a simultaneous display.

True, this is against the very latest models — or their "mainframe" big brothers — but there are now hundreds of ver-

sions available commercially from stores and specialist dealers. Any computer from the Novag, the Fidelity or the Mephisto stables would be likely to give the average player hours of enthralling chess.

At the top of the range, the Mephisto Almeria has a very strong programme combined with rapidity of response and uncommon features such as multiple game storage, memory

retention of the game in progress if you switch off mid-game, and the user's option to extend the opening book. But it does have a price tag of around £200 to £1,400 according to the type of board and other extras.

Coming out of the stratosphere price-wise, there is

Novag's Super Forte range

starting at £275 and Fidelity's Excel range, in which the 6800 Master/Mach 3 costs £385. At

the other end, there is Novag's Solo at only £18 and the VIP at £77 — this is hardly bigger than a pocket calculator and can be used with any chess set of your choice. An improved Super VIP model is on the way.

Software chess programmes are comparatively inexpensive but you must check first that they are compatible with your home computer. CP Software has just come out with Clock Chess '88 at £19.95. This has a sharper 3-D graphic display than earlier programmes, an improved playing strength, dozens of options, and works with the Amstrad PCW.

One of the most intriguing of the new models with an attractive price tag is Kasparov Simultano (£199), marketed by the Swiss company Saitek (formerly SciSys) and manufactured in Hong Kong. It has all the functions that are now standard in a chess computer: a built-in time clock; more than 50 different levels from novice to champion; a range of functions that include problem-solving, analysis, take-back, self-play, change sides and position evaluation; and an opening "hook" of reasonable scope but which may be amplified by an additional module (£44).

The Simultano is styled in black and pewter colours and runs either off a mains adaptor (another extra) or six C-type batteries, which give it a useful portability. It works on the sensory principle. You press down on the piece you want to move and then press on the square to which you want to move it, and the Simultano responds by flashing lights indicating this move.

Not only that — it also indicates the moves on a tiny screen above the keys which shows an illuminated diagram of the board. This is a fine idea because, as anyone who has ever played chess against a computer will tell you, it is all too easy to get the position

wrong at a vital juncture and to have a built-in check of this kind is a great advantage.

This LED screen also lets you mark key positions and play forward from them. The only snag on my model was that it had a frustrating tendency to freeze up in the middle of the game, requiring you to press the awkwardly placed re-set button and start again with loss of data.

Simultano also has a Library function enabling you to store games (your own or other people's) in its memory and replay them on the board at will. Finally, the function from which it derives its name: it will play up to eight games simultaneously against different opponents, or you can play all eight games yourself in emulation of a grandmaster.

I played it against my Novag VIP, which I find hard to beat. The overall result, with both computers playing at 60 moves per 60 minutes over half a dozen games, was about even: Stevens. In a coming column, Leonard Barden will discuss the moves of one of the games where Simultano, two pawns down, sacrificed a rook to force a draw.

■ Kasparov Simultano Chess Computer (£199, basic price) is available from Contemporary Chess Computers, 2/3 Nohle Corner, Great West Road, Hounslow, Middlesex (tel. 01-577-1700); and from Just Games, Brewer Street, London, W1 (tel. 01-437-0761).

Countrywide Computers, 1 High Street, Wilbury, Cambs, CB6 3BB (tel. 0353-740-323) stocks all makes of chess computers and will supply a rating sheet on request.

■ CP Software, 189 The Hill, Burford, OX8 4HX (tel. 0993-32-3436) is the maker of the Clock Chess computer disc and of other games programs including draughts, bridge and backgammon for home computers.



Eureka

Music fans: get wired for sound

MUSIC wherever you go. This is what some people want and they go to all sorts of trouble to connect their homes to distribute high-fidelity to speakers in other rooms.

It might be wonderful listening to Bach in the bedroom but you also have to put up with the unsightly mess of wires running along the skirting. Some people lift the carpet and floorboards to hide the cable, but they could save a lot of trouble by buying a new speaker system that uses the mains electricity network to distribute the signals.

It's called MFM Plugaround Sound. The system has two separate parts: a small black box, or encoder, and a set of two speakers. It works like this: attached to the encoder is a three-prong plug and two thin wires. The plug goes into the mains and the wires into the back of the amplifier or headphones socket. The encoder takes signals from the amplifier and sends them into the mains wiring circuit throughout the house.

The signals are similar to those sent along ordinary speaker wires. They differ in that the encoder massages them to be able to "piggyback" on the electricity running through the mains. This may sound alarming but the signals are passive and the system is no more dangerous than any other electric device.

Once the signals are in the mains wiring, you plug the set of speakers into a convenient mains plug and out comes the music that's playing on the hi-fi. You can move the speakers from one room to another simply by plugging them in.

The system is ingenious and it works. The speakers look good, you can screw them to the wall easily with special mounts and it is relatively easy to set up. But the sound quality can be described only as acceptable, and you can still see wires.

Using mains networks to send low-power signals is not new. Computer makers have tried the system to network personal computers in office blocks, but the products have failed to catch on because interference usually distorts the message.

It is interference again that reduces the effectiveness of the Plugaround system. It will not work effectively in a room with a word-processor or computer in action, which means it is unsuitable for a home office.

Plugaround does not like dimmer switches, especially the cheaper models, or the noise filters sometimes attached to the mains circuit when computers are in use.

The installation brochure warns that household

appliances might also cause

problems and should be disconnected. Some might find this a little tiresome.

Only one of the speakers is plugged into the mains. It contains a decoder, which

converts the signals from the encoder, and a small amplifier that is rated at 10 watts a channel. The two speakers are connected via a conventional feed and there is an on/off switch and volume control.

The speakers produce a soft hum, even when no music is coming through. Under ideal conditions, with a feed direct from a compact disc player, the sound is, to my ears, heavy on bass and not as clear as a portable stereo cassette player. People who enjoy rock and pop might not find these problems as much of a drawback as those who like opera or the quiet classical pieces where clarity is important.

Using Plugaround Sound will always be a compromise because there are too many possible sources of interference. The system does not claim to produce hi-fi quality sound but it is sold on the assumption that it saves trouble with wires.

The signals are similar to those sent along ordinary speaker wires. They differ in that the encoder massages them to be able to "piggyback" on the electricity running through the mains. This may sound alarming but the signals are passive and the system is no more dangerous than any other electric device.

Once the signals are in the mains wiring, you plug the set of speakers into a convenient mains plug and out comes the music that's playing on the hi-fi. You can move the speakers from one room to another simply by plugging them in.

The system is ingenious and it works. The speakers look good, you can screw them to the wall easily with special mounts and it is relatively easy to set up. But the sound quality can be described only as acceptable, and you can still see wires.

Using mains networks to send low-power signals is not new. Computer makers have tried the system to network personal computers in office blocks, but the products have failed to catch on because interference usually distorts the message.

This is a similar problem to one experienced by people whose neighbours use devices called "video senders". These are small broadcast units that are attached to a video recorder and send the signal to other sets in the house without the need for wires.

Some TV viewers have been surprised to find themselves watching, say, their neighbour's erotic videos rather than the news. The Government is thinking of banning the devices. What a pity.

Peter Knight

□ Peter Knight is editor of FinTech 2 — Electronic Office

Food for Thought

Crazy about canapés

ANY people who cook regularly, and enthusiastically, will get the family and friends to eat at cocktail parties in when it comes to cocktail food. I suspect that the reason is not that cocktail food requires impossible and arcane skills, but rather that its preparation is tedious, fiddly and time-consuming. However, professional canapés are designed to make a pretty pattern on the dish usually reserved on the plate.

I do not want to put caterers out of business. But when it comes to cocktail parties in the home, I should like to see an abandonment of the idea that the titbits on offer should look "really professional" and make time for a bit of cream cheese and so on.

Salamis, lemons, olives and nuts should all be to hand in modest quantities. Anchovies and prawns are a good idea, too, tasty and fairly dry things.

The best canapés I have ever had came with the aperitif at Michel Guérard's in Eugenie-les-Bains, where there was

obviously no worry about leaving things till the last minute. The little slivers of bread (buttered and toasted in the oven) were still hot and topped with an ice-cold mixture of finely diced tomato, cucumber and tarragon. Wonderful, but hair-raisingly risky. The contrast of temperatures is essential and so they must be eaten at once. I imagine there is a man in Guérard's kitchen with nothing else to do.

Canapés are very nice — but

into those uniform, edible shapeable sheets in which smoked salmon comes from the shop, but you can and should slice it very thinly. A little goes a long way: you won't get 360 canapés out of one kipper, but quantities are at your whim, so don't be daunted.

Another thing you really need is an icing set — a forcing bag and set of nozzles. I bought one for £1.29 in Safeway. You're not going to do any icing but you will need to twiddle on a bit of cream cheese and so on.

Salamis, lemons, olives and nuts should all be to hand in modest quantities. Anchovies and prawns are a good idea, too, tasty and fairly dry things. The best canapés I have ever had came with the aperitif at Michel Guérard's in Eugenie-les-Bains, where there was

obviously no worry about leaving things till the last minute. The little slivers of bread (buttered and toasted in the oven) were still hot and topped with an ice-cold mixture of finely diced tomato, cucumber and tarragon. Wonderful, but hair-raisingly risky. The contrast of temperatures is essential and so they must be eaten at once. I imagine there is a man in Guérard's kitchen with nothing else to do.

Canapés are very nice — but

they are not all. You will also make some ordinary shortcrust pastry, roll it out quite thin and bake a host of little tarts in one of those tins sold for making petits fours. Bake them blind and you can fill them with a blob of chopped onion stewed in olive oil (not butter) with a scrap of black olive or curled anchovy on the top, or a kind of quiche custard with onion and bacon.

Pastry holds up better than

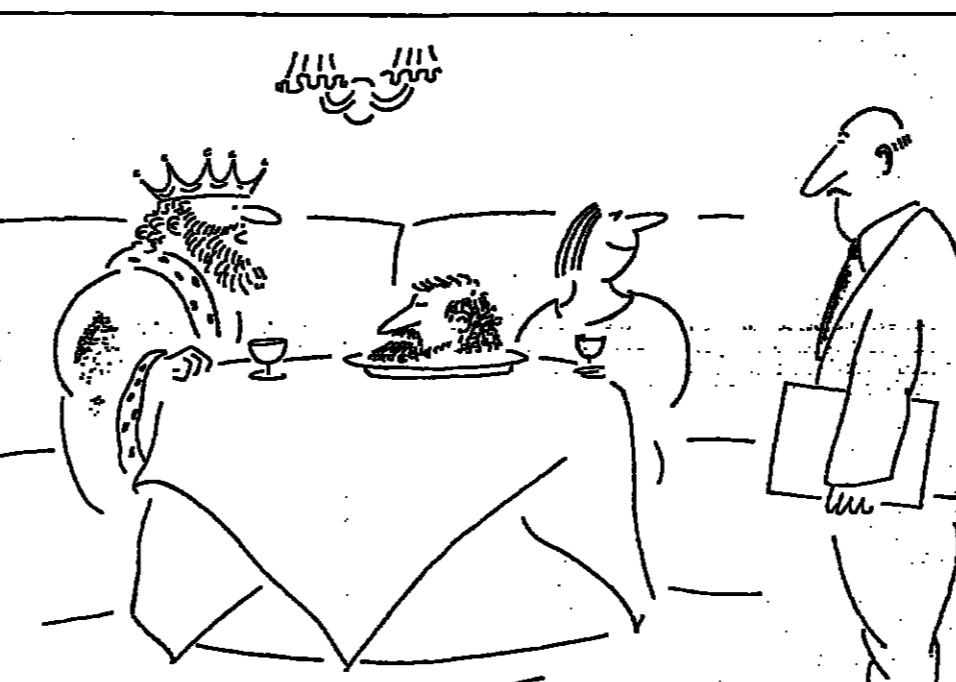
bread with a damp filling, so your tarts can be the moist part of the offering. You squeeze the filling in through the biggest nozzle of your icing set: it's much neater than a spoon.

It's a good idea to arrange these things on trays rather than on plates. Apart from giving a false impression of lavish hospitality, trays can go back to the kitchen for refilling and re-arranging more readily than

plates, which get put down next to the brimming ashtrays, half-consumed, and grubbily unattractive. I use what I believe to be caterer's refrigerator trays, rectangular white plastic, cheap and washable.

Food looks nice on them and they are flat, so your little hand-crafted gems don't roll to the middle as they would on a plate.

Peter Lewis



Wine

Franco-American ventures in the vineyard

Edmund Penning-Rowson goes California dreamin' . . . and tastes the fruit of the West Coast vines

Comparative tasting of Bordeaux and California 1970 Cabernet-Sauvignons		1981		1983	
	Voting order and total marks		My order		Voting order and total marks
1 (57)	Beaupie Private Reserve	2	1 (54)	1	Beaupie Private Reserve
2 (65)	Ch. Lynch-Bages	7	2 (72)	9	Mayacamas
3 (69)	Ridge Monte Bello	3	3 (74)	2	Mondavi Unfiltered
4 (60)	Mondavi Unfiltered	1	4 (76)	6	Ch. Lynch-Bages
5 (62)	Ch. Latour	6	5 (63)	5	Heitz Martha's Vineyard
6 (64)	Freemark Abbey Bosche	4	7 (82)	3	Ridge Monte Bello
7 (69)	Ch. Lafleur	8	8 (83)	5	Ch. Latour
8 (63)	Ch. Figeac	9	9 (97)	8	Ch. Ducru-Beaucaillou
9 (58)	Ch. Ducru-Beaucaillou	10	10 (99)	4	Ch. Figeac
10 (110)	Mayacamas			10	Ch. Giscours

with rather more refinement; MR '81: tobacco nose, raspberry-jam flavour, one-dimensional; OO '82: almond nose, fairly light; MR '82: lighter than '81 but rich in flavour, good balance; OO '83: fairly light and more delicate; more Cabernet-France employed than in any other vintage. Easy drinking, if lacking a little distinction.

MR '83: vanilla, lanolin, oily nose, charming, easy-to-drink wine; OO '84: fine nose, fairly forward flavour, less long than succeeding '85; MR '84: less nose than '85 but oily, lacks a little character; OO '85: big wine but some elegance on nose and a flower, fruity flavour, better balance than MR but long and concentrated (12,500 cases released); MR '86: huge colour, lovely rich nose and flavour, great concentration. Both need a long time to develop.

OO '86: very rich, with more nose than MR if less powerful, with better balance and more distinction; MR '86: very tannic, bottle-sick (eight weeks only in bottle), very closed. Hard to taste; OO '87: (cask sample) very oily, almond nose, less opulent than MR but

price per bottle has been £50 and the average UK price about £40 or a little less.

Among London stockists are Les Amis du Vin, St. Cuthbert, St. WI, Fortnum & Mason, Harrods and La Vigneronne, 106 Old Bondton Road, SW3.

HOW TO SPEND IT

Looking for good craftsmanship? Want to buy the best opera glasses or a quality kitchen worktop? Lucia van der Post has the answer

The look that tells

BETWEEN THE chintz of the country house set and the black leather and chrome of the aggressively modern, there is the kind of gap that sets clever marketing chaps clicking away with their calculators. It is a gap that many have tried to fill but most have ended up falling through. The crying need seems to be for a way of marking a look, a lifestyle if you like, that is of today — that doesn't hark eternally

backwards but yet offers comfort and decorative appeal and is absorbed easily into real lives. It's the lack of just such a look that sends hundreds of the young scurrying to the antique shops and auction houses where they look for pieces with the kind of personality and character that much modern work lacks so thoroughly.

Starting in a small way, there are groups of furniture makers and craftsmen who understand this need and who

are feeling their way to providing it. A hopeful start in the wind is the opening of Wilson and Gough at 103 Draycott Avenue, London SW3, where Julie Wilson Dyer Gough, 28, as she says, "is a gap-filling showcase for all that is best in contemporary craftsmanship." In other words to offer a wider platform to the work of contemporary craftsmen and designers.

Here, those who are tired of the mass-produced and the machine-made — who are searching for something special and unique, for something both decorative and functional — will be able to take in a wide range of work by furniture makers, ceramicists, silversmiths, metalworkers and painters. Halfway between a gallery and shop, it seems to serve the two needs excellently. With a lovely cool interior designed by David Chipperfield, who was also responsible for the Issey Miyake shop in Tokyo and London's Sloane Street, it is sited intelligently just where the people most likely to be interested seem to be gathering at the moment — London's Brompton Cross, just opposite the new Joseph shop.

Julie Wilson Dyer Gough isn't, of course, the first to try to find a wider market-place for fine craftsmanship; but she is doing it with rare commitment and panache, and anybody interested in just what our craftspeople are up to should make a point of paying a visit.

It is a rare pleasure to wan-



Julie Wilson Dyer Gough in her shop-cum-gallery with a selection of work

Tony Andrews

André Dubreuil's wrought-iron chair

der around and a good source of presents (there are small bowls and other objects at prices starting as low as £20) as well as substantial pieces of furniture. I like particularly

the work of André Dubreuil — his fine, highly decorative metal furniture shows triumphantly that it is possible to speak a visual language that is modern and, satisfyingly but

not superfluously, decorative. Look out, too, for Sarah Simpson's exquisite paper bowls for woodwork by Anthony Bryant, for glass by Anna Dickinson.

Come on, my old china

A FEW weeks ago I wrote about Chinamatch, a service recommended to me by a satisfied reader. Chinamatch has since moved, so anybody wishing to buy or to sell china that is no longer in production should write to the new address.

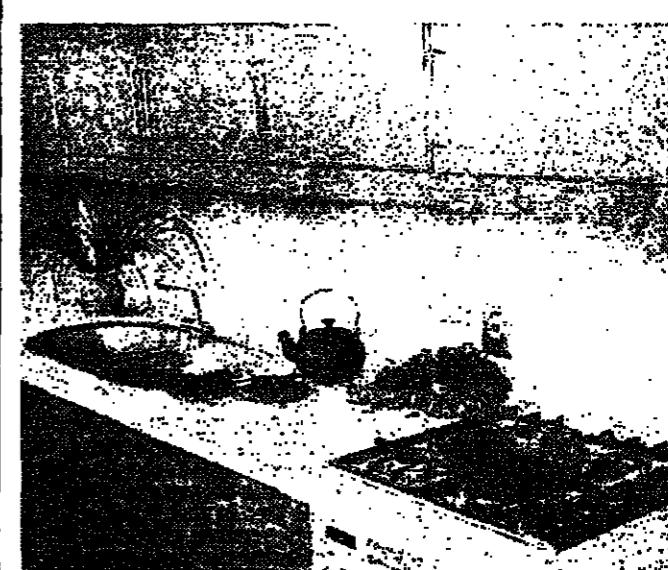
Chinamatch, St Piran, Lea End Lane, Alvechurch, Birmingham, B49 7AX (tel. 021-445-1169). Letters have been forwarded but please note the new address.

■ Emporio Armani has arrived with much fanfare and a personal visitation from the maestro, Giorgio Armani, himself. At the flagship store at 191 Brompton Road, London SW1, will be the complete Emporio Armani collection.

— Armani fans will already know that this is the least expensive (but still by no means cheap) end of the Armani range. Aimed at a younger, more casual market, it is designed to capture the spending power of those who like the Armani style but can't afford the prices of the distinctive, top-of-the-range black labels. Suits for men, casual wear for men and women — they're all there. And while you're debating

on that new denim, you can indulge in some chic Italian fashions attended by equally chic Armani-clad waiters. For the opening of the grand Giorgio Armani label takes place next month in Sloane Street. Watch this space.

■ The response to our Okavango Wilderess Safari has been tremendous and letters, cheques and messages for detailed itineraries came winging their way from Gloucestershire and London, Paris and Geneva, South America and Portugal. Botswana is one of the last great wilderness areas of the world not yet over-run by four-wheel drives and walkie-talkies and our little group will, I believe, find it a very special experience. We are already thinking of running a second one. Anybody who couldn't make those particular dates and might be interested to go at another time should write to me at the FT. James Ewart of Grenadier Travel and I will see what we can do. The Zimbabwe safari still has room for one traveller — anybody interested should let me know immediately. The dates are September 15 to October 1.



A sharp eye on the opera

NOT ALL OPERA, of course, is for the big league spenders: there are those who queue hours for the gods, and those who enjoy magnificent evenings in venues far less costly than Covent Garden. But, however much it costs and wherever we see it, an evening at the opera is always a special occasion and well worth taking trouble over.

High on my list of priorities these days are opera glasses. Those who arrive at the Royal Opera House, Covent Garden, without any might like to know that the Opera House shop in St James Street is open until 7.30 pm (when most performances start) and it sells several different models including disposable ones (yes, really) that do work very effectively. Made from card paper with a plastic lens in the middle, they retail at just £1.95 and they are also available in the foyer if you arrive too late for the shop.

But if you're a frequent opera-goer (or, indeed, a frequent viewer of the ceilings of Renaissance chapels or lofty architecture), you will want a pair of your own. How, then,

do you choose? Given that you can pay anything from about £45 to well over £200 (and even £350), it is important to make sure you buy the right ones. The main points of difference are size, weight, finish and optics — with optics and weight probably being the most important for serious opera-goers.

Higher-priced models do not usually give you optics of a superior quality. Much of the increase in price is because they are larger and have a more ornate finish, both of which may well be characteristics you could without.

David Rauch who runs Century Optical, a company specialising in supplying all manner of opera glasses to the retail trade, tells me that the magnification spans from 2.5 times to 3.0 times, with the latter clearly being the one to aim for. The two main manufacturing countries are Japan and Germany and, generally, the Japanese models tend to be more showy and the German more restrained. Not only are the German designs more restrained to look at, in general they are still assembled largely by hand and have

sharper and clearer optics.

The very best optics of all, it appears, are to be found in a Zeiss model seen rarely. It sells for about £350, weighs a ton, is very ornate with a dark brown case and, generally isn't very practical. But, if seeing is all, then this is the model to go for (only about 10 a year are sold in this country and, if you did want a pair, a good stockist such as Asprey's or Garrard's would order it for you).

Most good pairs will vary in price between £100 and £150 and David Rauch thinks probably the best buy overall is the Herzel & Reuss design at £170. He doesn't like the finish (black snakeskin) but it is an old, well-established design, is very light (which means it can tuck easily into pockets) and comes in a black zipped leather pouch. It gives 2.5 magnification but has great optical clarity. (Magnification is not the only yardstick — clarity is important, too, so try them all).

A good bread and butter model is the Red Burgundy by the Japanese firm of Carton — with 3.0 magnification and a rather ornate case, it sells at about £30 in Harrods and Sel-

fridges.

Lorgnette opera glasses, although intrinsically not very practical, seem unaccountably popular. A model by the Japanese firm of Carton, highly embellished and really not very pretty, is a hot seller at about £120. Best value of all in our view, though, is a neat, small, plain black model by Eschenbach with 2.5 magnification. Most of the stockists would order it for you.

Most good pairs will vary in price between £100 and £150 and David Rauch thinks probably the best buy overall is the Herzel & Reuss design at £170. He doesn't like the finish (black snakeskin) but it is an old, well-established design, is very light (which means it can tuck easily into pockets) and comes in a black zipped leather pouch. It gives 2.5 magnification but has great optical clarity. (Magnification is not the only yardstick — clarity is important, too, so try them all).

A good bread and butter model is the Red Burgundy by the Japanese firm of Carton — with 3.0 magnification and a rather ornate case, it sells at about £30 in Harrods and Sel-

fridges.

A SPLENDID way of giving new life to a rather dreary set of kitchen cabinets is a new workshop. Junckers is a British company now

operating in Britain which specialises in wood worktops and floors. It offers natural woods — beech or oak — but they are treated in a variety of ways, giving lots of different colour tones. There is the white-pigmented beech featured in this photograph, and there are golden honey tones deepening to the darkest of all, the sylvalet beech.

Good shops out of London are J. Lizard of 101 Banchory Street, Glasgow and 6-8 Sandwich Place, Edinburgh, as well as the London Camera Exchange, 13 Cheap Street, Bath. Anyone with questions about opera glasses is welcome to ring David Rauch on 01-451-1251.

as new.

Only very competent do-it-yourself carpenters should consider fitting new worktops themselves.

Anybody less confident should try to find a handy, skilled carpenter who should be able to fit the worktops easily and neatly.

Prices are around £82 per linear metre. Junckers has an excellent technical service division which is happy to answer all questions by phone (0376-517-512). In about six weeks, it will be bringing out a leaflet which will tell you everything you ever wanted to know about wood worktops. These (and, of course, the wood for the flooring) can be bought direct from Junckers, Wheaton Court Commercial Centre, Wheaton Road, Witham, Essex CM8 3UJ.

Comfort for mad March days

Philippa Davenport searches out gutsy, no-nonsense recipes

BLUSTERY February and mad March days call for comfort. This is the time of year I associate with hot water bottles and reading in bed. It's the time for tea, toast and Gentleman's Relish by the fire, and cosy reunions with old friends.

I want to give and to go to supper, not dinner parties. We may gather round the kitchen table, perhaps, and tuck into good honest bourgeois or bistro-style cooking rather than refined and pretty derivatives of nouvelle cuisine. What we need now is no-nonsense warming dishes with gutsy flavours that sit fair and square on the plate and leave you feeling well-upholstered.

The sort of satisfying food that sums up exactly what I am after is pigeons. They may not be as elegant as game, these partly little birds having very meaty and gratifyingly rich a flavour. One tried and favoured its way to serve pigeons is in a pudding or pie. I suggest you include the breast meat only (use the rest of the birds and a generous slug of port to make the gravy), mix it with fat bacon rolls, marble-sized balls of hot sausage meat and shaggy black mushrooms. Pack the mixture into a suit crust-lined basin or top it with puff or filo pastry.

A coarse purée of ham goes well with such a pudding or pie: the meaty taste and the tweedy texture make a pleasing change from mashed potatoes. For a second vegetable I would choose the humble cabbage, despised so often and so unfairly — but so easy to cook well. What could be simpler than a large Savoy or a January King? Steam for about 15 minutes, blot the wedges dry carefully and anoint them with a trickle of melted butter.

Here are some alternative recipes using this well-matched

trio of good, honest ingredients to bring comfort and satisfaction to supertime.

PIGEONS WITH LENTILS
Two plump pigeons; ½ lb whole green lentils; one large onion; the juice and zest of half an orange; generous ¼ pt each red wine and stock; a little butter and seasoned flour; coarse-ly-chopped watercress

Rinse the lentils under a cold running tap. Put them into a pan with the chopped onion and cover generously with cold water. Bring quickly to the boil and simmer for 15 minutes. Then drain roughly, saving the liquid, and put the lentils and onions into a lightly-buttered flameproof casserole.

While the vegetables are cooking, split the pigeons, dust them with flour and brown them thoroughly in a hot frying pan. Pour on the wine. Let it bubble up and cook for five minutes until reduced by about half.

Season the lentil and onion mixture with salt, pepper and finely-grated orange zest, and half-bury the pieces of pigeon among it. Add the stock and orange juice to the frying pan and bring to the boil. Pour the hot liquid over the pigeons, then bring the contents of the casserole to a bubbling point on top of the stove. The mixture should be quite sloppy at this stage: add a slurry of the reserved lentil water if it looks at all dry.

Cover tightly and put the casserole into an oven heated to 350 F/180 C (gas mark 4). Reduce the temperature immediately to 325 F/160 C (gas mark 3) and cook until the ingredients are deliciously tender, one to 1½ hours. Check the mixture occasionally and add a splash more lentil water if necessary.

Season and garnish to taste before serving. A stir-fry of

leeks or the buttered cabbage given below go well with this comforting dish.

BUTTERED CABBAGE PUD-DING

(serves four to six)
One January King cabbage with plenty of good outer leaves, weighing about 2½ lb; one large onion and three garlic cloves; ½ lb butter and three tablespoons stock; 1½ teaspoons cumin seed, reduced to a coarse powder; about two teaspoons flour.

Strip off about 10 fine outer cabbage leaves. Blanch them, blot dry, cut out the coarse central ribs and reserve. Shred the rest of the cabbage finely and set aside separately.

Cut the onion and sweat it in the butter in a large pan for seven or eight minutes. Add the chopped or crushed garlic and the spice (cumin, lime or juniper) or chayote (fresh thyme). Then add the shredded cabbage and stir for a minute or two to coat with the fat.

Season with salt and pepper and sprinkle on the stock. Cover and cook over a very low flame for about 30 minutes until the cabbage is tender and considerably reduced in bulk. Stir quite often to check against sticking and shake the casserole from the lid each time you lift it.

When the cabbage is ready, stir in a teaspoon or two of flour to mop up any remaining moisture and season lavishly with salt and pepper. Leave to cool uncovered so that evaporation continues. (I usually do everything up to this stage well ahead.)

Use the blanched cabbage leaves to line a well-buttered pudding basin. Overlap them so there are no gaps. Spoon the cabbage filling into the leaf-lined basin, packing it down firmly. Cover with the

remaining leaves and tie down with buttered foil. Steam for 45 minutes or so until thoroughly hot right through and moulded.

CASSEROLE OF PIGEONS WITH CABBAGE & CARABOS

(serves four)
Two plump pigeons; about 6 oz cabanos (or chorizo or other spicy sausage); one Savoy or January King cabbage weighing about 1½ lb; one large onion, one carrot and one celery stalk; orange zest, bay and thyme; 8 fl oz good chicken stock plus four tablespoons dry sherry; a little oil, butter, and well-seasoned flour.

Butter the base and sides of a large casserole lavishly. Quarter and core the cabbage and put the wedges into the casserole. Slice the sausage, carrot and celery quite thickly. Sprinkle them over and around the cabbage and season with plenty of salt and pepper, some thyme, a bay leaf and a few pinches of orange zest.

Split the pigeons in half, dust them with seasoned flour, and coat them in a non-stick pan, basting with hot oil. Transfer to a casserole, arranging the joints flesh-side down between the wedges of cabbage.

Cook the onion, fry it briefly to colour it a little and scatter it over the pigeons. Add the liquids to the pan, bring quickly to the boil and pour into the casserole. Lay a sheet of buttered greaseproof paper directly on top of the ingredients, cover with a well-fitting lid and cook at 300 F/150 C (gas mark 2) for one hour.

Reduce oven temperature to 275 F/140 C (gas mark 1) and cook for a further 1½ hours or so until the ingredients are meltingly tender. (This is a good-tempered dish which will not spoil if cooked for a bit longer than necessary.) Check the gravy for seasoning.

THE FINE ART OF SIMPLICITY.

Audemars Piguet
La plus prestigieuse des signatures.

AVAILABLE AT:
ASTREY, GARRARD, LONDON HILTON,
MAPPIN & WEBB, DAVID MORRIS, TYME,
THE WATCH GALLERY AND WATCHES OF SWITZERLAND.

CORNWELL PARKER

fabrics • furniture

BRANDS OF STYLE AND STRENGTH

G. P. & J. BAKER

FABRICS & WALLPAPERS

Parker Knoll

FURNITURE

LOCK of LONDON

REPRODUCTION FURNITURE

MONKWELL

FABRICS & WALLPAPERS

Radmore

CABINET FURNITURE

Parkertex Fabrics

FABRICS & WALLCOVERINGS

K. Raymakers & Sons

VELVET MANUFACTURERS



KITCHEN FURNITURE

Cornwell Parker plc,
P.O. Box 22, Frogmore, High Wycombe, Buckinghamshire HP13 5DJ.

BOOKS

The return of Mammy's boy

Anthony Curtis on an exhaustive study of singer and vaudevillian Al Jolson

IN HIS lifetime Al Jolson was always staging comebacks. The greatest was in October 1946, when the film *The Jolson Story* opened at Radio City Music Hall. Jolson had just turned 60 and the year before had married his fourth wife, Erie Calbatta, a girl of 26 from an old-established American family in Kentucky.

Previously he had staged a comeback during World War Two, undertaking a punishing schedule of one-night stands entertaining the troops overseas. They loved him but he never loved them; but he was part of the glorious past of America's most popular entertainment, no longer the music hall grand-puller he had once been. His voice had held up to the 1940s to the extent that he could get away with his most famous song — "Mammy". Swanson, California, Hosanna I Come. By the Light of the Silver Moon. And in the movie his now modified baton, was dubbed against the No-movement of Larry Parks, whose youthful vigour gave an impression of Jolson as he had been in his days of glory.

Jolson's death from a massive coronary in 1950, after a bout of crop-enteraining in Korea and radio-recording in San Francisco, had not stopped him from trying to stage comebacks again, as it were, beyond the grave. In 1953 there was a remake of his most famous film, *The Jazz Singer* — the first "talkie", a world-wide sensation when it was released in 1927. In 1960 there was another remake, with Neil Diamond as the Jewish cantor's son, the tuneful man who breaks with family and faith to come out a career in show-business, and Lawrence Olivier no less, as the stern orthodox patriarch.

The story-line was the basic plot of Al Jolson's life, every bit as sentimental and revealing as those movies, but it has been so encrusted in legend and anecdote that it is good to have a dedicated Jolson-addict such as Herbert G. Goldman setting the record straight in a meticulous and thoroughly-researched biography. The years of work involved in producing the book included a long search through the files of *Variety* and *Billboard*, and interviews with most of the survivors who knew "Jolee" as they called him. These living witnesses did not, however, include Erie, the widow (who afterwards married the playwright Norman Krasna) or Ruby Keeler, wife No 3.

It seems unlikely that *Jolson: The Legend Comes to Life*, good though it is

JOELSON: THE LEGEND COMES TO LIFE
by Herbert G. Goldman
Oxford £14.95, 411 pages

of its kind, will prompt yet another comeback, for reasons which the author is the first to acknowledge. Jolson required a live audience to elicit his ability to give himself body and soul in a performance. He needed the tangible evidence of the audience's love, in his heyday he would parade himself along the runway into the auditorium at the Winter Garden Theatre in New York in an effort to immerse himself physically in the audience of his audience.

The crude, probably accurate thesis of the biography is that Jolson's craving for universal love, in the form of shared laughter and applause, stemmed from a deprivation of love in early childhood through the death of his mother when he was eight years old and his dislike of his step-mother.

At any rate, the wonderful, memorising, peacock relationship which he undoubtedly had with his audiences had completely disappeared from the surviving archive material making him seem merely ridiculous and lame.

The other main reason is the historical one — that his greatest performances are now part of the theatrical convention of "blackface", unacceptable now but frequently seen in the theatre in 1904 when Al and Harry (his older brother) Jolson got their first opportunity to make a name on the vaudeville stage in New York.

In this they teamed up with a disabled performer for whom a sketch had been written commending him to a wheelchair. Harry's role was that of the doctor, Al's that of the medical orderly. Al, already confident as a singer, had never attempted a comic part. He appeared awkward and self-conscious until another member of the company suggested he play in blackface. This released all his genius for impromptu comedy, and he never appeared on stage thereafter without blacking-up.

It seems an oddly tasteless convention to us, whereby the son of Jewish Lithuanian immigrants to America should convert his face into a mask, through the application of burnt cork, in a grotesque parody of a black man. But it was not uncommon then; it



derived from the tradition of the Minstrels, whose popularity in 19th century America in both North and South was universal. It declined only after the civil war, gradually being replaced by vaudeville, whose form and content (songs, cross-talk, virtuous turns, topical satire, chorus numbers, dance routines, sketches) were a legacy of the Minstrels' shows.

Moreover, the tradition was kept alive by individual performers and troupes. In Britain there were artists such as Eugene Stratton and G.H. Elliott, and too BBC television's Black and White Minstrel Show, which lingered on until 1978. In America there were many performers who continued to appear as blacked-up minstrels on the variety stage. One of these in the popular touring American variety theatre of the period before World War One, Lew Dockstader, ran his own company, Dockstader's Minstrels. He signed up Al Jolson (as he had become) in 1910 and gave him the chance to develop his act-lubing, audience-wooing skills and torrential delivery of corny, phony plantation song material that became

Jolson's trademark as a solo artist of fabulous power between the wars.

The private man seems every bit as dislikable as the public star was captivating. All four wives suffered dreadfully under his capricious, volatile temper. Many of his most eminent fellow-artists loathed him. The many acts of meanness, treachery, boorishness and self-seeking dirty trickery recorded here heavily outweigh the few isolated acts of kindness to old friends.

His power of giving was held back until the very moment of performance, and then he gave in a way few artists have done before or since. Gilbert Seidel, a thoughtful observer of mass entertainment, wrote of Jolson in his essay, "The daemonic in the American theatre": "His generosity is extravagant; he flings into a comic song or three-minute impersonation so much of the *totality* of one human being you feel it would suffice for a hundred others." The book includes comprehensive listings of all Jolson's appearances on stage, radio, film and disc. Whatever his failings, he was no stranger to hard work.

THE ROAD TO WINCHESTER
by John Thorn
Weidenfeld & Nicolson £14.95, 195 pages

sham"; believed that team sports should be topped from their exalted place in the public school firmament; and was irritated by the plethora of petty rules, which outlawed bicycles at Repton but made them compulsory at Winchester.

He has, for instance, a well-developed nose for the minute distinctions of English social life. One of his first lessons as a West London toddler in the mid-1920s was that Chiswick children should not play with Repton children. By the time he joined Repton in 1951, Thorn could absorb the information that most of his new charges were Beta-plus boys without batting an eyelid.

Yet, Thorn's well-written story is by no means a gung-ho defence of an educational system built on such fine distinctions. On the contrary, he paints himself as an agent of change from within.

His target was the ethos of

muscular Christianity dominant in many public schools. His main weapon against public school philistinism was a determination to bring art, drama, music and the study of literature in from the peripheries of school life.

In this, he was probably pushing at an open door. Public schools were under many pressures to abandon their absurdly narrow curricula, reflected in the attitude that the most useful thing to do with an English poem was to translate it into Latin or Greek. The belief, still prevalent in Winchester in the late 1950s, that a few desultory periods of "non-specialist science" were sufficient for most boys could not have hoped to survive.

More boldly still, Thorn, an Anglican with High Church leanings, considered most public school religion "a harmful

intellectual powerhouses. Thorn has a nice line in ironical self-deprecation, seen in his tale of how little he needed to know to win a First in History at Cambridge. However, the ultimate impression left by his book is rather sad. Looking back, he questions the wisdom of many of his doubts about the previous order. He considers the new educational obsessions with business studies, links with industry and so on, to have delivered a curriculum without a soul.

An occasional Labour voter, Thorn is tough-minded enough to recognise that public schools perpetuate social divisions. Yet in the end he defends them because they offer high standards, a refuge from the sea of mediocrities in the state system, partly the results of the progressive educational methods with which he once sympathised. For Thorn is that unashamedly type of liberal one who believes in excellence.

Hard lessons in life

David Thomas reviews the battles and beliefs of a distinguished liberal educationalist

A RADICAL is the last person one would expect to find occupying a senior position in a great English public school. John Thorn's autobiography tells the story of that unlikely character.

Thorn spent almost all his career in the close confines of Britain's independent schools, first as a pupil of St Paul's, then, after Cambridge, as a teacher at Clifton, and spells as headmaster of Repton and of Winchester. This narrow experience has left its mark.

He has, for instance, a well-developed nose for the minute distinctions of English social life.

One of his first lessons as a West London toddler in the mid-1920s was that Chiswick children should not play with Repton children. By the time he joined Repton in 1951, Thorn could absorb the information that most of his new charges were Beta-plus boys without batting an eyelid.

Yet, Thorn's well-written

story is by no means a gung-ho defence of an educational system built on such fine distinctions.

On the contrary, he paints himself as an agent of change from within.

His target was the ethos of

muscular Christianity dominant in many public schools. His main weapon against public school philistinism was a determination to bring art, drama, music and the study of literature in from the peripheries of school life.

In this, he was probably pushing at an open door. Public schools were under many pressures to abandon their absurdly narrow curricula, reflected in the attitude that the most useful thing to do with an English poem was to translate it into Latin or Greek. The belief, still prevalent in Winchester in the late 1950s, that a few desultory periods of "non-specialist science" were sufficient for most boys could not have hoped to survive.

More boldly still, Thorn, an Anglican with High Church leanings, considered most public school religion "a harmful

John Thorn: a believer in academic excellence

Fiction

A parable in disguise

THE MARQUIS OF BOLIBAR
by Leo Perutz
translated by John Brownjohn
Collin Harvill £10.95, 210 pages

FLUTE
by Shona Ramaya
Michael Joseph £11.95, 285 pages

AN ELIGIBLE MAN
by Rosemary Friedman
Platkus £10.95, 192 pages

THE SUGAR MOTHER
by Elizabeth Jolley
Viking £11.95, 210 pages

LEO PERUTZ is a forgotten

figure now, but his novels were translated into 21 languages between the wars and enjoyed the ultimate accolade of being banned in Germany as soon as the Nazis came to power. Like Kafka, Perutz was a Czechoslovak Jew who wrote in German (the two of them even worked in the same insurance company for a while). Unlike Kafka though, his books enjoyed great popularity in his lifetime but little since, something Collin Harvill are attempting to put right now with the reissue of *The Marquis of Bolivar* in a new translation by John Brownjohn.

It is a historical novel, set in Spain during the Napoleonic Wars, but it might also be seen as a parable of the First World War, in which the author was badly wounded on the losing side. It follows the fortunes of a Nassau regiment in the French service, attempting to hold down a group of guerrillas in the Pyrenees. The British and sided with the Spanish here.

The Marquis is a shadowy figure killed early on, but not

before he has laid the groundwork for a plot that owes almost as much to the supernatural as to Brigadier Gerard or C.S. Forester.

To Havel, materialistic definitions of man and society are inadequate. There is one he sometimes calls "the order of the spirit", sometimes "the order of Being". To take his place within this rightful order, a man has to accept responsibility for his actions. Doing so, he acquires identity. Not only is he responsible, not to form one's own identity, it is to belong to "the order of death".

Every play is a revelation of identity, and that is what attracts Havel to the theatre.

A metaphor which runs

through these meditations concerns the horizon. Everyone

knows about horizons and makes up his or her mind where the difference lies between the known and the unknown. Havel does not like formal religion but the metaphor of the horizon takes him close to a spiritual sense, if not actually to God.

It is extraordinary to have

found in prison such an opportunity to take stock. It is not

only brave in itself, for here is

also a rejection of totalitarianism

and a defence of humane

beliefs. It is also a tribute to

the long-suffering Olgia that he

allows intellect to rule over

emotion in addressing her.

David Pryce-Jones

wish, rather than a vanquishing by external forces. It is an interesting notion, although one Perutz might have preferred to play down in the light of subsequent events.

The novel as a whole is one of ideas, rather than action. It is weird in parts, and the dialogue in translation is a touch florid, but it can hold its own with Joseph Roth and Arnold Zweig and the other Central Europeans of the period, though not perhaps with Kafka.

He has never been to a supermarket before, doesn't know his socks size, has no idea how to use the washing-machine. He is in short "a man of learning and property, not bad-looking and patently in need of care."

Into his life step three determined women: a dumpy novelist, a judge's widow, and blonde Lucille with a gold bracelet on her ankle. All comfort him in their various ways. The story is straightforward enough, if not wildly exciting.

It is skillfully told though, and a television version will appear on London Weekend next year.

The Sugar Mother, by Elizabeth Jolley, is a strange tale of adultery by default, set in British India in the early years of this century. The Countess of Ravinspur arrives in Delhi on a prolonged visit, accompanied by her son and followed by her somewhat *louche* stepson Julian, the sixth Earl. He is a rapidly taken over by the Fitzroy Street scandal and the fall of Oscar Wilde.

Across the still night air comes the sound of a bamboo flute. It is played by Nikhil, the fruit-seller, after the manner of Krishna, god of the magic flute. Nikhil and Julian get together, a combination of the spirit as much as the body. The Countess's own son means while finds consolation in a

Crime

DEATH MASK
by Jane Dentinger
Gollancz £10.95, 390 pages

THE VULGAR BOATMAN
by William G. Tapply
Collins £9.95, 236 pages

JOCELYN O'Roarke, the actress (and now director) protagonist of Jane Dentinger's previous two books, returns in *Death Mask* in fine fettle and deep trouble. Engaged to produce a revival of *Major Barbara*, she has to struggle not only with backstage problems — egos, cabals, gossip — but also with some shadowy, sinister developers who want to

tear down the theatre. The murderous activity puts Bernard Shaw in the background (though the author says some came things about the work). Unfortunately, O'Roarke's ex-lover, policeman Phillip Gerrard, plays a minor role and seems to be written out of the actress's life. Too For a Boston lawyer, Brady gets mixed up in some unconvincing goings-on. In *The Vulgar Boatman*, he becomes involved in a student's murder and nearly is murdered himself. He also looks into teen-age drugs, computer wickedness, and Massachusetts politics, in just the right doses.

William Weaver

Roth: reality as fiction

THE FACTS: A NOVELIST'S AUTOBIOGRAPHY
by Philip Roth
Jonathan Cape £11.95, 195 pages

He could have also produced the lawyer for the midriddling which he originally set out to become. Roth's refusal to embitter his writing down of the events of his life, may be the ultimate fiction.

This is Zuckerman's criticism and Roth gives him the last word. His existence as Roth's character, alter ego, counterfeiter, is threatened by this pulling aside of the veils which clothe him. "Don't publish, you are far better off writing about me than accurately reporting your own life... I am your permission, your indiscretion, the key to disclosure."

Though drained of his usual fictional energy and device, this is a thoughtful autobiography which puts all the actors, the settings, the obsessions of his life into perspective. But what makes the book moving rather than just clever, more elegiac than ironic, is Roth's anguish over the loss of his mother and the imminent death of his father. By reclaiming the stubborn, resilient father he once rejected, Roth recovers his past and his roots, his wife Josie, the rootless, abused daughter of a small-town drunk.

To his ancestors in Galicia she was "the legendary old country shiksa-witch, whose cast-off inheritance had doomed

Wendy Brandmark



Self-portrait of an uncaged spirit

LETTERS TO OLGA:
JUNE, 1979 TO
SEPTEMBER 1982
by Vaclav Havel,
translated by Paul Wilson

Faber & Faber £7.50, 391 pages

VACLAV HAVEL is perhaps the best-known living Czech on two counts: as a playwright with a subtlety all his own and as a founder member of Charter 77, the group founded in defence of human rights in his country. In 1979 Havel was arrested and sentenced to four and a half years in prison for "subversion", and he has just been sentenced to a further spell of nine months. During every week of his earlier sentence he wrote to his wife Olga, and these letters make an unusual and gripping document of our times.

From Havel, "a terrible boy", his letters had to pass the censor, and so they are devoid of complaints, hardly referring to the surroundings, to his fellow inmates or to the work as a welder. A range of ailments plagued him, he had to have an operation and finally he was hurriedly released for fear that he might die. Cigarettes and beer were daily comforts but the high point of prison routine, its whole purpose, became the drafting of the weekly letter. He knew that each one would be circulated among friends and provide evidence that he remained a free spirit, a man not to be killed.

A self-portrait emerges. The son of someone with money, Havel knew that he would always be persecuted in Czechoslovakia. Other

ARTS

Dame Judi in demand

As the star of 'Behaving Badly' prepares to play Gertrude to Daniel Day-Lewis's Hamlet, Judi Dench talks to Michael Coveney

THESE WAS a moment in Channel 4's new drama serial last Monday when words were superfluous. Judi Dench was doing nothing, but saying everything. Pain and anxiety were superabundant. As the alienated divorcee, Bridget May, in Catherine Heath's *Behaving Badly*, she looked out of a car and saw a squawking bag lady. Her face looked back. She could come to this.

It was a classic Dench moment in a performance that is already taking shape as a masterpiece of stubborn emotional resistance and rediscovery. This Monday, in the second of four 60-minute episodes, Dench will explain to her ex-husband, with marbled stillness by a banister, that she has moved back into his home "so there's someone to hear me when I scream." It is like watching a Munch painting come to life, or Cleopatra take leave of Anthony.

The ordinary side of Judi Dench is inseparable from the extraordinary. Next month she opens as Gertrude, the mother of Daniel Day-Lewis's Hamlet, at the National Theatre. Even

with heightened language, she will remain the wronged maternal figure holding on to carnal longings and a vision of the better, or at least slightly improved, life.

Dench does not reduce roles to common imperatives, but she does approach them with an equal gravitas. In so far as she, a notorious giggler, deals in gravitas at all. Over lunch in one of her favourite Hampstead restaurants, I ask whether she tackled Bridget in any way different from Shakespeare's Juliet, or Beatrice, or Lady Macbeth, or Cleopatra.

"Absolutely not. I try all the time to find the truth in the role and to relate it to my ability to convey that truth." All those Shakespearian roles have been played by one actress with equal success. Yet Judi Dench has excelled in all of them.

She shot to prominence in 1982 as Zeffirelli's Juliet at the Old Vic. The newly founded Royal Shakespeare Company got along without her for nearly a decade as she played big parts in rep and created a West End sensation as a husky-voiced, plausibly sexy

Sally Bowles in *Cabaret*. With the RSC, her Beatrice opposite Donald Sinden and Lady Macbeth opposite Ian McKellen mark high points in recent stage history. Her Cleopatra at the National Theatre, directed by Peter Hall, was the biggest surprise of all.

"I always like to do something different. Not in my wild dreams did I correspond to what people thought of as Cleopatra - slim, glamorous, sexy. Then I heard the line 'I saw her once hop forty paces through the public street' and I thought, that's not someone you grow to in the palace."

Dench, Dame Judi, can play queens, as people come first. In 1982, her Lady Bracknell at the National challenged comparison with Edith Evans, who failed as Cleopatra and rejected Lady Macbeth.

"I was intrigued by all the references to her leaving her husband upstairs in a room no doubt with some terrible supper on a tray while she goes tearing round to Algiers' house, or out to a party. And she was obviously forgetful. She asks Gwendolen to follow her. Well, Gwendolen then stays and plays a whole scene with John

Worthing, so she's obviously gone off and bought a hat round the corner. So what I hung on to and built upon was this dual element of forgetfulness and flirtatiousness."

What is striking in that statement is its tenacious obsession with emotional truth. Lesser actresses would start quibbling over matters of style or intonation. Dench, the heiress apparent of Edith Evans, Sarah Siddons and Ellen Terry, talks kitchen sink and bathroom tap. She has brought tragedy into the world of fitted cupboards. She deals in transcendent ordinariness.

But she also sticks up for old values. She did this as a guest director in Kenneth Branagh's Shakespeare season, when she directed *Much Ado* at the Phoenix last year. "I gave a huge party in the country to which everyone came. I thought we may as well all start with a hangover." Her own RSC Beatrice in 1976 had been part of a stunning Indian post-Colonial interpretation by John Barton, hanging on to what was left of the future.

Was new acting undermining rhetorical traditions? "Yes, you have to know where you are. If I have anything to offer as a director, it is to pass on that great tradition that stems from George Rylands at Cambridge who taught Peter Hall, Trevor Nunn and John Barton. Rylands, in turn, had worked with Gielgud, Edith Evans and William Poel."

Was not this all a bit old-fashioned? "Not at all. You have to have the breath, however you speak. In Shakespeare, you have to know about the caesura. The trick is, to recognise the metre, make absolute sense, never run out of breath, and sound as though you are just making it up."

But did not this musical stuff spring from the RSC? Why did she feel so sad about Tre



Richard Eyre, Daniel Day-Lewis and Judi Dench in rehearsal for Hamlet (first night, March 14).

You have to know where you are. If I have anything to offer as a director, it is to pass on that great tradition that stems from George Rylands at Cambridge who taught Peter Hall, Trevor Nunn and John Barton. Rylands, in turn, had worked with Gielgud, Edith Evans and William Poel."

Talking of continuity of standards, I wonder if Dame Judi is optimistic about the RSC and the NT. She, Dame Peggy Ashcroft and Ian McKellen all feel betrayed by Trevor Nunn's defection to the transatlantic musical after 20 years hard slog. "The whole thing comes from the top. I can't comment on Terry Hands, and I don't know about the RSC directors like Ron Daniels and Barry Kyle who have been there for years and years. I do not run to start rehearsing with them as I do, or did, with Trevor."

But did not this musical

vor? He didn't feel sad about her. "That's it. He's never going to come back. He's on a money-making wheel that, like a mouse, he cannot jump off. I think we have lost him. It makes me very sad."

A sense of community is important for all great actors, and Dench does not really belong at the moment. She belts out Richard Eyre, of whom she is immediately fond, and for whom she was a hypno-TV. Ramey, at the National by playing Gertrude, helps out *Chamal*, 4, reads and considers anything that comes her way. She took on a memorable Mother Courage at the

RSC in 1982 without even having read the play. She is an instinctive artist, a creator of incantatory generosity.

Perhaps the greatest thing about her is that she will not be tied down. In all her acting is a welling tide of resentment, of tart and sudden strength. You need that quality as much for Cleopatra as for modern aliens. Acting may finally be to do with making adjustments to horrid circumstances.

Back in the restaurant, I spill some more food on the table cloth. "I must make a note never to cast you as a footman or a waiter. You have no social graces whatsoever."

Sorry about that. Did she consort much with critics?

"No, but isn't this jolly? When I was playing Beatrice for the RSC, my husband, Michael Williams, was also in the company playing a marvellous Schwyk. We heard that Harold Hobson was distraught because his wife had had a stroke. He is as generally handicapped.

"I wrote offering to help with the shopping. He wrote back saying would we just go and have lunch with him. I remember driving up to the hotel with Michael and saying, 'We'll talk about anything this lunchtime except the theatre. And, of course, we talked about nothing but. For three solid hours. He is a marvellous man. And what wonderful notices he wrote. Barony sometimes, but wonderful."

Hollywood's new trend

Screenwriters are turning with startling frequency into top directors. Nigel Andrews reports

THIS SPOTTING, like train-spotting, can be an addictive habit. And a maddening one. In the film world, the temptation to discern coherent "movements" through the hiss and steam of history can lead to wildly speculative conclusions.

But one modern trend no one can dispute: Top Hollywood screenwriters are turning with startling frequency into top Hollywood directors.

"However well a film turns out," he says, "there's always a frustration that you're not doing it yourself. Another director, even a good one, has a different tone, a different

line principle. Today, you've got more independent writers out there and they're all trying to parlay their scripts into films."

Before Lawrence Kasdan turned director with *Body Heat* and *The Big Chill*, he scripted two goldmine movies of modern times, *The Empire Strikes Back* and *Raiders of the Lost Ark*.

"However well a film turns out," he says, "there's always a frustration that you're not doing it yourself. Another director, even a good one, has a different tone, a different

"It's economics," elaborates Kasdan. "In the 1960s and '70s the studios were paying big money to established directors who just weren't all that good. At the same time there were a lot of hungry young writersounding on the door, saying 'You like this script?' Fine. Well, I'll direct it. So the writer suddenly found he had a bargaining position."

The irony for Barry Levinson is that after years of playing the victimised good guy (the writer) he has now gone over to the other side. After two films as a "hyphenate" (writer-director) he has now made two films as a director only, and it is his turn to kick the writer around.

"On *Good Morning, Vietnam*, we changed about 40 per cent of the script. Nearly all of Robin Williams' dialogue was changed, because the material in the script just wasn't that good. We thought, 'Gee, this sounds like stuff we've heard before, let's throw it out.' So scenes like when he meets the convoy, these were totally re-improvised and re-written. Now you could have had one of those classic writer/director conflicts here, with me as the villain. But in the event, the writer on *Good Morning* didn't mind and even liked what happened."

But the writer's ego is a fragile thing. Pushed too far, he

can cause tremors even in an earthquake-blast city like Los Angeles. Witness last summer's five month long Writers Guild strike.

"The writers by their nature," says Levinson, "are a volatile, wild group. You have to remember that everyone is dealing with their hurts and wounds for the year, and they get a little irrational. That's what writers are about, that's why they're good: it's part of human behaviour. No one really knows - still - what that strike was actually about.

But Lawrence Kasdan thinks this tendency originates with the studios rather than the film-makers.

"You're out there all the time fighting creeping mediocrity: the need, from the studio's viewpoint, for all movies to be expensive and market-successful. You have to use your fantasy - that something new can work - as a weapon against their fantasy - that it won't."

Clearly there is enough frustration out there in the screenwriting community to fuel more earth-to-stars career launches like Kasdan's and Levinson's. But is Hollywood a better place for the new creative mobility? Barry Levinson, whose last two films have racked up over \$200 million between them, is probably today's most powerful writer-director.

"We have more power, yes: but we're not using it the way we might," he says. "The fact that a lot of today's writer-di



Barry Levinson: director of the award winning *Rain Man*

rectors grew up with movies - unlike the more literate screenwriters of the 1950s and '60s - means modern films are big on visual style and *showmanship* of the genre, but it is by no means a complete or always dispassionate self-portrait. An enormous amount of significant new information has come to light since the last important Berlioz biography, by Jacques Barzun more than 40 years ago. Mr Cairns sees as his first duty to the composer to tell "the story of Berlioz's apprenticeship in greater detail than that has been told before."

It is, the author makes clear at the outset, a life, not a life and death. *The Memoirs* is, of course, one of the masterpieces of the genre, but it is by no means a complete or always dispassionate self-portrait. An enormous amount of significant new information has come to light since the last important Berlioz biography, by Jacques Barzun more than 40 years ago. Mr Cairns sees as his first duty to the composer to tell "the story of Berlioz's apprenticeship in greater detail than that has been told before."

George Lucas and I had a metaphor for this in the Star Wars trilogy. There's a situation where the Jedi have the ability to impose their thought processes on the weaker minds of the Imperial guards. "We're going into the fort." "No." "Yes, we're going into the fort." "Yes, you're going into the fort." If your fantasy is stronger - "We're going to make this movie" - then you win. That's what's working in Hollywood today is all about."

Clearly there is enough frustration out there in the screenwriting community to fuel more earth-to-stars career launches like Kasdan's and Levinson's. But is Hollywood a better place for the new creative mobility?

It is, the author makes clear at the outset, a life, not a life and death. *The Memoirs* is, of course, one of the masterpieces of the genre, but it is by no means a complete or always dispassionate self-portrait. An enormous amount of significant new information has come to light since the last important Berlioz biography, by Jacques Barzun more than 40 years ago. Mr Cairns sees as his first duty to the composer to tell "the story of Berlioz's apprenticeship in greater detail than that has been told before."

It is, the author makes clear at the outset, a life, not a life and death. *The Memoirs* is, of course, one of the masterpieces of the genre, but it is by no means a complete or always dispassionate self-portrait. An enormous amount of significant new information has come to light since the last important Berlioz biography, by Jacques Barzun more than 40 years ago. Mr Cairns sees as his first duty to the composer to tell "the story of Berlioz's apprenticeship in greater detail than that has been told before."

It is, the author makes clear at the outset, a life, not a life and death. *The Memoirs* is, of course, one of the masterpieces of the genre, but it is by no means a complete or always dispassionate self-portrait. An enormous amount of significant new information has come to light since the last important Berlioz biography, by Jacques Barzun more than 40 years ago. Mr Cairns sees as his first duty to the composer to tell "the story of Berlioz's apprenticeship in greater detail than that has been told before."

It is, the author makes clear at the outset, a life, not a life and death. *The Memoirs* is, of course, one of the masterpieces of the genre, but it is by no means a complete or always dispassionate self-portrait. An enormous amount of significant new information has come to light since the last important Berlioz biography, by Jacques Barzun more than 40 years ago. Mr Cairns sees as his first duty to the composer to tell "the story of Berlioz's apprenticeship in greater detail than that has been told before."

It is, the author makes clear at the outset, a life, not a life and death. *The Memoirs* is, of course, one of the masterpieces of the genre, but it is by no means a complete or always dispassionate self-portrait. An enormous amount of significant new information has come to light since the last important Berlioz biography, by Jacques Barzun more than 40 years ago. Mr Cairns sees as his first duty to the composer to tell "the story of Berlioz's apprenticeship in greater detail than that has been told before."

It is, the author makes clear at the outset, a life, not a life and death. *The Memoirs* is, of course, one of the masterpieces of the genre, but it is by no means a complete or always dispassionate self-portrait. An enormous amount of significant new information has come to light since the last important Berlioz biography, by Jacques Barzun more than 40 years ago. Mr Cairns sees as his first duty to the composer to tell "the story of Berlioz's apprenticeship in greater detail than that has been told before."

It is, the author makes clear at the outset, a life, not a life and death. *The Memoirs* is, of course, one of the masterpieces of the genre, but it is by no means a complete or always dispassionate self-portrait. An enormous amount of significant new information has come to light since the last important Berlioz biography, by Jacques Barzun more than 40 years ago. Mr Cairns sees as his first duty to the composer to tell "the story of Berlioz's apprenticeship in greater detail than that has been told before."

It is, the author makes clear at the outset, a life, not a life and death. *The Memoirs* is, of course, one of the masterpieces of the genre, but it is by no means a complete or always dispassionate self-portrait. An enormous amount of significant new information has come to light since the last important Berlioz biography, by Jacques Barzun more than 40 years ago. Mr Cairns sees as his first duty to the composer to tell "the story of Berlioz's apprenticeship in greater detail than that has been told before."

It is, the author makes clear at the outset, a life, not a life and death. *The Memoirs* is, of course, one of the masterpieces of the genre, but it is by no means a complete or always dispassionate self-portrait. An enormous amount of significant new information has come to light since the last important Berlioz biography, by Jacques Barzun more than 40 years ago. Mr Cairns sees as his first duty to the composer to tell "the story of Berlioz's apprenticeship in greater detail than that has been told before."

It is, the author makes clear at the outset, a life, not a life and death. *The Memoirs* is, of course, one of the masterpieces of the genre, but it is by no means a complete or always dispassionate self-portrait. An enormous amount of significant new information has come to light since the last important Berlioz biography, by Jacques Barzun more than 40 years ago. Mr Cairns sees as his first duty to the composer to tell "the story of Berlioz's apprenticeship in greater detail than that has been told before."

It is, the author makes clear at the outset, a life, not a life and death. *The Memoirs* is, of course, one of the masterpieces of the genre, but it is by no means a complete or always dispassionate self-portrait. An enormous amount of significant new information has come to light since the last important Berlioz biography, by Jacques Barzun more than 40 years ago. Mr Cairns sees as his first duty to the composer to tell "the story of Berlioz's apprenticeship in greater detail than that has been told before."

It is, the author makes clear at the outset, a life, not a life and death. *The Memoirs* is, of course, one of the masterpieces of the genre, but it is by no means a complete or always dispassionate self-portrait. An enormous amount of significant new information has come to light since the last important Berlioz biography, by Jacques Barzun more than 40 years ago. Mr Cairns sees as his first duty to the composer to tell "the story of Berlioz's apprenticeship in greater detail than that has been told before."

It is, the author makes clear at the outset, a life, not a life and death. *The Memoirs* is, of course, one of the masterpieces of the genre, but it is by no means a complete or always dispassionate self-portrait. An enormous amount of significant new information has come to light since the last important Berlioz biography, by Jacques Barzun more than 40 years ago. Mr Cairns sees as his first duty to the composer to tell "the story of Berlioz's apprenticeship in greater detail than that has been told before."

It is, the author makes clear at the outset, a life, not a life and death. *The Memoirs* is, of course, one of the masterpieces of the genre, but it is by no means a complete or always dispassionate self-portrait. An enormous amount of significant new information has come to light since the last important Berlioz biography, by Jacques Barzun more than 40 years ago. Mr Cairns sees as his first duty to the composer to tell "the story of Berlioz's apprenticeship in greater detail than that has been told before."

It is, the author makes clear at the outset, a life, not a life and death. *The Memoirs* is, of course, one of the masterpieces of the genre, but it is by no means a complete or always dispassionate self-portrait. An enormous amount of significant new information has come to light since the last important Berlioz biography, by Jacques Barzun more than 40 years ago. Mr Cairns sees as his first duty to the composer to tell "the story of Berlioz's apprenticeship in greater detail than that has been told before."

It is, the author makes clear at the outset, a life, not a life and death. *The Memoirs* is, of course, one of the masterpieces of the genre, but it is by no means a complete or always dispassionate self-portrait. An enormous amount of significant new information has come to light since the last important Berlioz biography, by Jacques Barzun more than 40 years ago. Mr Cairns sees as his first duty to the composer to tell "the story of Berlioz's apprenticeship in greater detail than that has been told before."

It is, the author makes clear at the outset, a life, not a life and death. *The Memoirs* is, of course, one of the masterpieces of the genre, but it is by no means a complete or always dispassionate self-portrait. An enormous amount of significant new information has come to light since the last important Berlioz biography, by Jacques Barzun more than 40 years ago. Mr Cairns sees as his first duty to the composer to tell "the story of Berlioz's apprenticeship in greater detail than that has been told before."

ARTS

Drama at the V&A is good enough for fiction

Denys Sutton lambasts the Museum's new director over her plans to 'remedy defects in the management of the collections'

IT IS often the case that the drama that arise in English life could lead themselves to action; the one now taking place at the Victoria and Albert Museum is no exception.

It would have intrigued Dickens, Trollope and G.P. Snow, not least because two of the main figures involved, Lord Armstrong, Chairman of the Trustees, and Mrs Elizabeth Estee-Coll, the Director of the Museum, could also be of a novel. The one is a former top Mandarin who won international fame when he was worsted in the "Spycatcher case" in Australia; the other spent some years at sea as a skipper's wife.

Unfortunately the drama is not imaginary but real, and it is one that affects not only the lives of distinguished members of the staff of the Museum, but the very future of this famous institution. It is one, too, that has made this country a leading stock internationally.

The main purpose of the changes outlined in a January paper prepared by the Director and "unanimously approved" by the Board of Trustees is to "remedy defects in the management of the collections."

Mrs Estee-Coll proposes that the world famous departments of ceramics and glass, metalwork and sculpture should be temporarily merged and that the same process should occur with furniture, textiles and interior design; their work will eventually be placed under two new departments, Research and the Registrar's Department.

The control of all departments (as long as they survive) apparently will be vested in the hands of managers; however, the sort of person envisaged for this post is in no way specified in the paper. It is argued in this document that the new aims can be best served when "there is a clear-cut separation of scholarship and housekeeping, i.e. one in which knowledge and expertise about the collections is divided from the physical



Director Mrs. Estee-Coll: no expert on any art form

Victoria and Albert Museum Board of Trustees
Lord Armstrong (Chairman)
Her Royal Highness Princess
Michael of Kent
The Rt Hon the Lord Barnett
Sir Michael Butler GCMG (Deputy
Chairman)
Sir Clifford Chetwood FCIOB
FRCI
Sir Terence Conran
Professor Christopher Frayling
MA PhD
Miss Mary Giles OBE
Mr Maurice Saatchi

responsibilities for managing the collections."

Then, as an afterthought, it is added that there will need "to be close consultation between those responsible for managing the collections and those with specialised knowledge of the collections." At present, of course, this is easy; those with different forms of responsibility work in the same department.

Under the proposed new system, housekeeping will come under the control of the Registrar's Department. Housekeep-

ing is defined as "receiving, documenting, moving and conserving of objects." This means, in effect, that the preparation of a dossier on an object, its moving — often a delicate task — and decisions concerning its conservation (though obviously not the conservation itself will be in the hands of the Registrar). But will this official be in any way qualified for such tasks? For instance, will he be able to spot an incipient outburst of bronze disease?

It is, I fear, too typical of the

amateurish way in which the Director and the Trustees seek to run the Museum that the paper fails to deal with various important questions. Who will be responsible for acquisitions (it is a statutory requirement of the Museum that there should continue to augment the collections)? Will the managers not along to galleries and auction houses on their own, will they go as "ministers" to "the scholars"? Who will advise the government on estate duty, in her questions and export control matters?

At first sight the policies outlined by the Director in her paper are, and to some extent expanded by Lord Armstrong in *The Times* on February 18 may seem persuasive but in fact they result from the application of abstract principles to problems that require empirical solutions. It might indeed seem sensible to confine the scholar, as if he were some Chinese literatus painter, to his study, but this notion fails to reckon with the nature of a museum curator, who is not an academic nor necessarily a writer; in any event, on the whole his publications are not concerned with dissemination of general ideas but are the result of a dialogue with a work of art. His aim is to refine and extend his connoisseurship. This concept is doubtless strange to the Director, who has never produced any original work and is not an expert on any art form.

The Director's paper suggests that she and the Trustees do not really grasp the fundamental importance of a keeper, who knows the material intimately being in charge of a Department. A keeper is a long story; he or she is the person, for example, who can decide whether or not an object should be lent to an exhibition and under what conditions. This is most important and now that shows play a large part in international art life.

The superficiality of the Director's paper suggests that she is not so in touch with modern feeling as she believes. It is, I fear, too typical of the

most museums now seek the support of the private sector, and the V&A is no exception. Hitherto, the advocates for subventions for exhibitions, purchases and redecoration have been curators. A curator can fire a sponsor with enthusiasm. The manager, on the other hand, will hardly be able to plead with the same conviction. The former curator, now dressed in his scholar's robe, will be scribbling in his rabbit-hutch, or perhaps like some scenes writer in an old Hollywood movie, taking a quick slug to assuage his mounting boredom.

The Trustees have much to answer for. They have endorsed the callous sacking of senior staff (it is really nothing else) and they have acquiesced in the destruction not only of the system of keepers but, by implication, of a grand tradition of connoisseurship. Do they understand what they have done?

In

looking at the list of

Trustees it is hard to believe that they possess the necessary knowledge about museums and works of art and the intellectual sophistication to restructure an institution such as the V&A. The public should realise that the Director herself has no museum training — she was formerly a librarian.

What is curious about the affair is that the Director's paper made no reference to possible redundancies, voluntary or otherwise: the only statement that could be taken to refer to staff changes is

"The implications . . . for individuals will be discussed with each member of the curatorial staff so that they can be placed successfully in the new developing structure or otherwise accommodated." The last two words ought to have tipped off an alert trustee that there was more involved in the new structure than might be realised.

A spokesman for the

Museum has stated that the redundancy question was never discussed by the board: "Staff matters are considered

to be a subject for management decision, and therefore it is not necessary to put proposals for redundancies to the full board. Commissars of office in the meantime, there should continue to engage in the collection? Will the managers not along to galleries and auction houses on their own, will they go as "ministers" to "the scholars"? Who will advise the government on estate duty, in her questions and export control matters?

The spokesman's words (*The Independent*, February 17) do

not tally with those of Mr Ian Hay Davison, who is a trustee and the chairman of the senior staff appointments committee of the museum. He writes (*Daily Telegraph*, February 18):

"Let me make it absolutely clear that the proposed management changes were fully discussed and endorsed by the entire board of Trustees, which has subsequently expressed its total support for the director."

Who is right?

Where Mr Davidon could have made a useful contribution to the debate is by supplying the comparative figures for the curatorial as opposed to the administrative staff. This is vital in view of the implied suggestion that the redundancies and the restructuring are necessitated by economic stringencies. Oddly enough this

believes that criticism has been orchestrated by "the art world mafia" — whatever that may be. What is at issue is neither her educational achievement nor her social background but her lack of common sense, consideration for the feelings of the staff, and judgement. (See, for instance, the permission given to Sotheby's to hold a preview of the Elton John collection in the Museum and the poor taste of the Saatchi and Saatchi advertisements — Mr Maurice Saatchi is a Trustee. Such errors do not inspire confidence in a policy that can only seem short sighted and inimical to the best interests of the Museum.)

Changes of the sort now proposed should only have been introduced after considerable debate among the Trustees and after discussion with the senior keepers: but the opposite has happened. This situation would hardly have arisen if the V&A had been given an entrenched constitution in which certain bodies, such as the British Academy or the Society of Antiquaries, had the right to nominate Trustees.

Those who have known the Victoria and Albert Museum over the years and have come to value the judgement and industry of the curatorial staff can only deplore the shabby behaviour of the Trustees and the haste of the proceedings. The Trustees may feel pleased with themselves — complacency is a disease which affects not a few of the new-style "great and good" — but they will have to live with the grim fact that they have done their bit to destroy civilised values.

Coffee table opera



The two magazines true opera buffs will stick to the old

On March 14 yet another fat glossy magazine will take its chance on the news-stands. Like many of its competitors it is selling a life-style to the affluent young but this time wrapped up in the mysterious glamour of opera. As Mel Cooper, the editorial director of *Opera Now*, puts it, "we are focusing on the new opera goers who feel insecure about it all."

Opera Now is no shoestring venture. Cooper has convinced some impressive backers to lend advice and money. The chairman of his board is Sir Trevor Huddleston, President of the CBL. The cash, £1m of it, comes from D.C.Thomson, the Dundee publishing house, more famous for Dandy than for Domingo. But Thomson is basically the banker. If the magazine takes off, Cooper and his team will buy out the Thomson investment.

The new magazine has certainly caused a flutter in the operatic dovecotes. It personifies the new forces moving into, and threatening to take over, what was once the most elite of art forms — the opera movies; the TV commercials selling cars on the back of operatic melodies; the opera singers like Domingo and Caballe who now duet on record with pop singers; the vast operatic spectacles, like the *Carmen* planned in June for Earls Court and *La traviata* for Versailles, with their audiences the size of First Division football crowds.

But Cooper is not a complete populist, more an old-fashioned opera freak whose audience is what could be called the first new generation of music lovers, the kind who lap up the imaginative productions from Welsh Opera and the ENO, who now number over one million a year and who pay over £15m into the box offices of the major subsidised opera companies. He is aiming for this potentially serious addict rather than the second layer, the passing punter who buys a ticket for Earls Court because the event is that week's talking point.

Opera Now can get by on sales of 40,000, but it is printing 50,000 of the first issue. There will be few reviews, which are the mainstay of the established title in the field.

Most of the revenue will come from advertising, of course, and the claw of the money men shrieks out in the tricky typography of the lay-out, the blazing colour, the hard sell for even the most

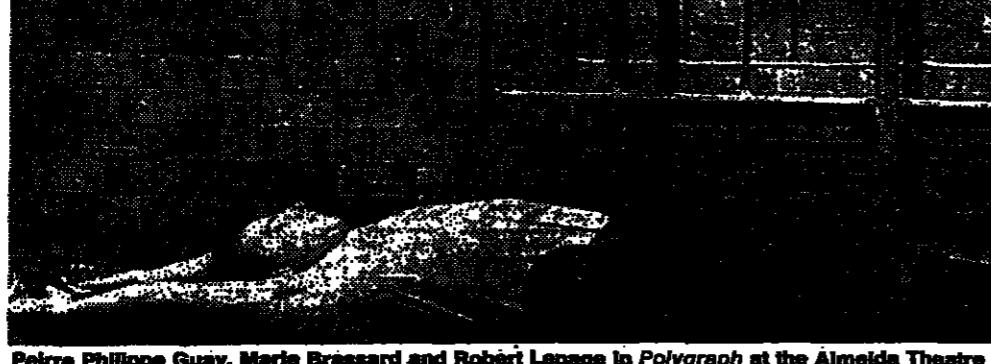
well meaning articles, such as a report on an ENO schools workshop of *Carmen*. Cooper will not avoid coverage of what to wear to the opera, where to eat afterwards — the social setting to an artistic experience.

It is also obvious, for good or ill, probably ill, that few established critics have been asked to contribute to *Opera Now*. The large labour force on the magazine, enjoying a lavish £250,000 promotional launch budget, is, in the main, coming to opera with as few prejudices as its readers.

If anything the new title should shore up the position of *Opera*, founded almost 40 years ago by Lord Harewood, run by a small private company, and certain of a modest profit from its committed circulation of 14,000. Here are the true opera buffs who need the reviews from Minneapolis and Santiago, Belgrade and Budapest, to keep track on rising international stars.

Opera Now is the DIY guide for the new audience. It makes opera seem accessible, fun, and contemporary. Within the bright packing there may be some worthwhile product, but in essence it looks like being the latest useful accessory for the tentative novices.

Antony Thornicroft



Pierre Philippe Guay, Marie Brassard and Robert Lepage in Polygraph at the Almeida Theatre

Metaphysical conjuring tricks

ROBERT LEPAGE'S extraordinary meta-physical detective yarn is extraordinarily based on the true story of a murder for which he himself was briefly a suspect. It is not essential to know this, although awareness of it does contribute yet another frisson and another colour to what is already a spine-tingling and prismatic piece.

Compared during his last London visit with Peter Brook, this outstanding French-Canadian actor and director returns

with a hefty reputation to liven down — and at the Almeida it takes only minutes of *Polygraph* to prove that here, indeed, is a theatrical magician capable of conjuring images from thin air. He does so, literally, near the end of the piece when for a brief, thrilling and sinister moment a mirror reflects a non-existent form. Typically of the show, the reflection only lasts a second, leaving those in the audience who happened to be looking in the right place at the right time wondering whether they were seeing a thing or things.

The proceedings are conducted in front of over — and at several points through — a red

brick wall which somewhat pretentiously in the opening scene prompts a narration about the partition of Berlin.

The association — as often — is a free one, linked by analogy to a projected diagram of a heart, illustration to a post mortem report which is to form the starting point for a murder story without a corpse or a killer.

A young woman, in fiction

as in life, has been raped and stabbed; her murderer has not been found. In a 110-minute sequence of vivid, captioned scenes, the autopsy is superimposed on a six-year-encounter between a one-time suspect, the pathologist who carried out the post

mortem, and an actress who has been hired to play the dead woman in a film of the murder.

Ingenuously the narrative

threads its way between

images of death and terror,

"reality" and re-creation.

On one level it is a straight story of love and death transfused by

film noir images of figures

stalked along dark sidewalks

or splattered on pavements; on

a second less convincing one it

is a discourse on the politics of

crime and/or the crime of politi-

cies; on yet another Lepage and his collaborators Pierre-Philippe Guay and the superb

Marie Brassard juggle delight-

edly and wittily with the dif-

fering tricks and techniques of

cinema and theatre.

The wall, like any house of

horror, oozes blood; the three

performers leap time, genre

and language with a stagger-

ing energy and accomplishment

Lepage himself affecting

the gawky Spectre of an American

pathologist, who metamorphoses

when appropriate into a

prying, gravity-defying gnome

capable of creeping headfirst

down walls in pursuit of the

suspect. If one has cause at times to question the intellectual content, there is no question at all about the theatrical

strength of a show which con-

firms in spades Canada's right

to a world rating.

Claire Armitstead

Concert

Première of a painter's work

A CONCERT supplementary to its official season was given by the Young Musicians Symphony Orchestra under James Blatt at St John's on Thursday night. The première of a work by a Swiss composer previously unknown to me, Christiane Boesch, was followed by Beethoven's *Emperor* concerto and fourth symphony. The Banca della Svizzera Italiana took a page of the programme book to wish the Swiss work well, but its further involvement, if any, with the concert was not made clear.

Ms Boesch, who is a painter

as well as a composer (she apparently derives paintings from her compositions), called her short, three-movement orchestral piece *Silenzio*. I've no idea why. Its first movement superimposed percussion volleys on skeins of dense counterpoint for strings. In the second, a somewhat percussive string writing, overlain by fragments of wind melody, gave way to rhythms on bongos and woodblocks. The third movement offered itself as a synthesis of the earlier two, but it wasn't altogether

sustained. At any rate, this was a more linear unfolding, which grew quite languorous and even pastoral. The dissonant counterpoint and acidulous harmonies used throughout the work had a generic mid-European flavour suggestive of Hindemith and perhaps the composer's compatriot Frank Martin. The performance was decent, but occasionally made the music rather more acidulous. I suspect, though, that it should not have been.

The orchestral playing in the

concerto became progressively

more assured, and the young

soloist Ian Jones's pianism

also. Not that he hadn't made a

considerable splash right from

the start. His opening flourish

was in fact wonderfully bold,

and his subsequent contribu-

tions quickly testified to his

physical power, feeling for

